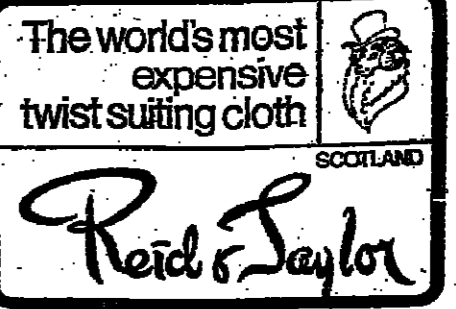




FINANCIAL TIMES

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CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE F.3.8; GERMANY DM.2; ITALY L.500; NETHERLANDS Fl.2.8; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pes.48; SWEDEN Kr.3.25; SWITZERLAND Fr.2.5; YRE 12p

NEWS SUMMARY

GENERAL Boost for Concorde as noise rule is vetoed
BUSINESS £ rises sharply; gilts advance

A proposed noise rule that would have barred Concorde from New York's Kennedy Airport from 1985 has been vetoed by Governor Brendan Byrne of New Jersey.

President Carter told Mr. James Callaghan and President Valéry Giscard d'Estaing of the move yesterday, after Governor Byrne had refused to approve minutes of a meeting of the Commissioners of the Port Authority of New York and New Jersey when they adopted the proposed noise regulations.

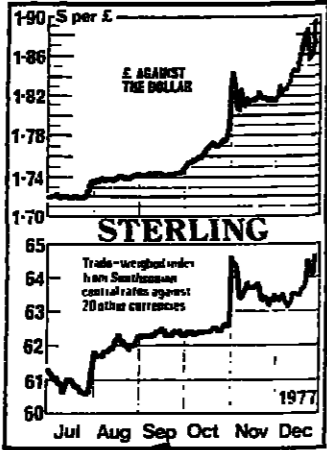
Portugal's outgoing Prime Minister, Mario Soares, who was defeated in a vote of confidence recently, has been asked by President Eanes to start consultations leading to the formation of a second constitutional government.

Portugal's outgoing Prime Minister, Mario Soares, who was defeated in a vote of confidence recently, has been asked by President Eanes to start consultations leading to the formation of a second constitutional government.

Peace talks aimed at leading Rhodesia to black majority rule before the end of 1978, will resume in Salisbury today.

Kara University has closed for a year after a professor of Geology was shot by Right-wing militants. The life of Professor in Senegal, shot six times by gunmen who broke into his house, was saved by an emergency operation.

London climbers lost in the Tarns, were found safe and sound in a remote valley after being in the Tarns for five days.



year, before closing at \$1.8950, a gain of 3.10 cents from Friday.

GILTS advanced as stock market sentiment was buoyed by the strength of sterling and hopes for a further cut in interest rates.

EQUITIES also gained ground. The FT 30-Share Index closing at the day's best of 490.4, up 6.7.

GOLD rose \$2.75 to \$164.875.

WALL STREET was down over four points at its low, but came back to close unchanged on the day at 329.70.

U.S. TRADE deficit narrowed to \$2.1bn. last month and the year's deficit is likely to be less than the Administration feared.

HOUSE BUYERS have again been running into the problem of gauging—losing out on deals because other buyers step in with higher offers.

POST OFFICE is on target to make a big profit in telecommunications, but its postal business is hovering between profit and loss.

CIVIL SERVICE, the largest single user of computers in the U.K., may be unable to replace obsolete computers over the next few years because of a shortage of funds.

ASSOCIATED BISCUIT Manufacturers is the latest U.K. food group to make a takeover move in the U.S.

BAN on imports of main crop potatoes into the U.K. will continue in order to protect domestic growers.

Table with columns: PRICE CHANGES YESTERDAY, RISES, FALLS, and various stock/index names with numerical values.

Textron chief is named by Carter as Fed. chairman

BY DAVID BELL: WASHINGTON, Dec. 28

President Carter took the U.S. financial community by surprise to-night with the announcement that Mr. William Miller, chief executive of Textron, was to succeed Dr. Arthur Burns as chairman of the Federal Reserve.

Mr. Carter's announcement, on the eve of his first extended overseas trip, thus brings an abrupt end to months of speculation about the future of Dr. Burns.

Dr. Burns' determination to make the fight against inflation his first priority and his fierce independence have won him the deep respect and unqualified admiration of bankers and businessmen in his eight years of office.

Announcing Mr. Miller's appointment, the President made clear that he had tried to balance the need for Dr. Burns' successor to retain the confidence of the financial community with the need to appoint a man more acceptable to the Democratic Congress, which has often accused Dr. Burns of ignoring or even of trying to subvert Administration economic policy.

For Businessmen, a Democratic-inclined organisation that has for many years, and the President has chosen wisely and well. "I mean every word of that," I speak from the bottom of my heart.

Confident

Although it was too early to-night for any considered reaction to Mr. Miller's appointment, there was some concern on Wall Street that he might turn out less independent than Dr. Burns.

Dr. Burns seemed to have such worries. In a gracious statement the chairman said: "This is a good

Talks on Scots pit incentives agreed

By Ray Perman, Scottish Correspondent

MILITANT delegates representing Scottish miners yesterday bowed to pressure from individual pits and voted to open talks with the National Coal Board on an area incentive scheme.

The move is a significant setback to left-wing resistance to area productivity agreements and follows the failure a week ago of a High Court action by the Yorkshire, South Wales and Kent areas of the National Union of Mineworkers to block local schemes.

A ballot of miners in Yorkshire, where there have also been demands from pits, is to be held in two weeks time.

The Scottish decision reverses a vote last month threatening industrial action if a scheme was introduced anywhere in Britain. Union leaders will now begin negotiations with the National Coal Board and will report back to a further delegate conference on January 16.

Miners at the Solsburgh Colliery, the top producing pit in Scotland, who staged a five-day strike last month in favour of an incentive scheme, will discuss the position to-day. Their delegate, Mr. Harry McLean, said that they were likely to continue their overtime ban until a satisfactory scheme had been introduced.

The Coal Board's Scottish director, Mr. James Cowan, said that measurements would begin immediately, since if agreement was reached it could be made retrospective.

The action on the first credit tranche is likely to be presented as support for the international financial community, in view of the Fund's shortage of available resources.

Thus, it looks less likely that the \$12bn. drawing on the oil facility—a special credit facility created after the 1973-74 oil price rises—will be repaid early as this will not help the Fund itself.

Announcing the conference decision, Mr. Mick McGeahy, leader of the Scottish miners, said that delegates had recognised the facts of life. "We have always said that the Scottish area would not be isolated, nor would we see living standards decline in relation to miners in other coalfields."

Mr. McGeahy also announced the result of the ballot for general secretary of the Scottish area of the union and for an executive member. Positions made vacant last month by the death of Mr. Bill McLean.

Both were won by Mr. Eric Clarke, a Labour left-winger. The balance between militants and moderates on the executive of the NUM is not changed.

U.K. will repay \$2bn. next year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN is likely to repay at least \$2bn. (£1,050m.) of its overseas debt by the end of next year. This is equivalent to more than two-thirds of the expected \$3,900m. current account surplus for 1978.

An announcement is expected within the next few weeks that the U.K. will repay in stages before the due dates in 1979-80 the \$830m. first credit tranche from the International Monetary Fund drawn in the spring of 1976.

A further \$950m. of borrowing by nationalised industries and other public corporations matures and has to be repaid next year.

In addition, the recently started policy of early repayment of some public-sector debt is likely to be on a larger scale in 1978 where this is attractive because of the interest rate grounds and helps to improve the repayment foreign debt is cheap and can be refinanced.

The result is that at least \$2bn. of overseas debt is likely to be repaid compared with only about \$200m. this year. The effect of early repayment will largely be to reduce the debt maturing in the peak years of 1980, 1981 and 1982, when amounts of \$3,2bn., \$3,5bn. and \$3,9bn. respectively are due.

The early repayment to the IMF of the first credit tranche makes little difference to the U.K. against more than \$300m. of official reserves. But, in view of the sizeable proportion of short-term liabilities on the balance sheet, Britain is likely to move cautiously on further repayment.

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Both sides urge rethink after Mid-East summit

BY ROGER MATTHEWS IN CAIRO AND L. DANIEL IN TEL AVIV

THE LEADERS of Egypt and Israel both made clear yesterday that the other side would have to think again if there was to be progress toward peace in the Middle East after the lack of success of the Christmas Day Ismailia summit.

Mr. Menahem Begin, the Israeli Prime Minister, told the Knesset that Egyptian Foreign Ministry officials who thought they could bring international pressure to bear on Israel to shift her position were mistaken.

Anyone who wanted to make an agreement with Israel would have to accept that it was "completely out of the question" for Israel to withdraw her forces from the West Bank of the Jordan.

In Cairo the extent of Egyptian disillusionment with Israel's Middle East proposals was revealed when President Anwar Sadat asked Mr. Begin's Government to rethink its whole approach to the problem.

20 visit to the Knesset and the Ismailia meeting, because these events had "built new facts in the air and new concepts and approaches to the whole issue."

The Egyptian position, he said, was always stated: complete withdrawal of all Israeli forces from occupied Arab territory and the right of the Palestinians to their own State on the West Bank and in the Gaza Strip.

It was officially stated in Israel yesterday that Mr. Moshe Dayan, the Foreign Minister, who was mysteriously missing from a Cabinet meeting on Tuesday flew to Tehran for talks with the Shah of Iran.

The rejectionist Arab States which oppose Mr. Sadat's peace initiative will hold a second summit in Algiers on January 8, according to sources close to them.

"The countries are Libya, Syria, Saudi Arabia, and Algeria, plus the Palestine Liberation Organisation. Efforts are being made to persuade Iraq, which walked out of the previous summit meeting in Tripoli, Libya, to join the new conference."

He claimed that 98 per cent. of Syrians favoured his peace initiative.

Imports of vehicle components hit U.K. manufacturers

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

VEHICLE COMPONENT manufacturers, the main strength of the motor industry for the past decade, have suffered a large reversal in the last year from expanding imports.

According to industry figures imports of components and accessories were a record \$2,900m. in the first 10 months of the year, 73 per cent. more than a year before.

Several reasons This compares with exports of £1.3bn., an increase of only 24 per cent. The figures mean that the balance of trade on components, the difference between what the industry earns and sells overseas, came to £718m. compared with £721m. in 1976, the first time that the export balance has failed to grow for many years.

Several reasons are being advanced for this radical change in the industry's highly successful growth record. The most important is that the multinational car manufacturers—Ford, Vauxhall and Chrysler—brought in more com-

ponents parts from overseas this year for their assembly operations. The Ford Fiesta, Vauxhall Cavalier and Chrysler car assemblers, all use a large number of foreign-made components.

But in addition imports have been given a big boost by the supply shortages which have followed the recent rash of strikes in the U.K. industry, such as the long dispute involving the Lucas toolmakers.

Although it is difficult to quantify the effects of these strikes, car assemblers have turned increasingly to Continental suppliers since August.

In many cases they have been forced, or have found it desirable, to sign long-term contracts which will maintain the inward flow of parts for at least a year.

Foreign component companies known to have taken advantage of these opportunities include Bosch, the German electrical concern; Cibie, the French headlamp manufacturer; and Ducellier, French associate of Lucas which makes a similar range of electrical products.

Several smaller Continental manufacturers have gained a U.K. foothold in the last few months.

Another factor adding to imports is the increase of foreign parts in Britain. They are becoming a much more significant market for replacement parts as the age of the average imported vehicle grows.

Recent record Many of these cars are serviced through their own dealer networks, using parts produced in the country of origin. Datsun, Renault and Fiat have all recently opened large new parts warehouses in Britain to cater for this demand.

Though the growth of imports has caused considerable alarm to the Government and the components industry, which already suffers at home from the problems of U.K. vehicle-assemblers, there are hopes that the recent record will prove a temporary aberration.

Table with columns: Features, Sales of chemical plant, Mickey Mouse in Disney-land, Business and the courts, U.S. soldiers in Germany hit by S fall, Company town in the Rockies, Swiss capital market.

Sugar St advertisement with Chinese characters '糖街'.

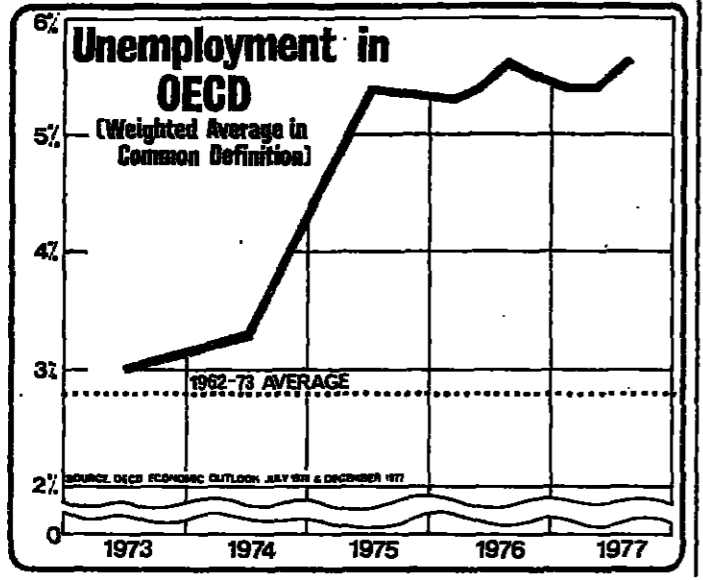
Standard Chartered Bank Limited advertisement with tagline 'helps you throughout the world'.

LOMBARD

OECD wolf is really there

BY SAMUEL BRITTAN

WE ALL know the old story of the boy who cried "Wolf!" as a hoax so many times that when there really was a wolf no one would believe him. The OECD in Paris—a sort of NIESR in exile—has so frequently warned that growth will be too slow and that governments must act together to stimulate demand...



BUSINESS AND THE COURTS

Need to draft laws in broader strokes

BY A. H. HERMANN, Legal Correspondent

THE YEAR that has almost gone has not brought any great change in the relationship between business and the courts, but an awareness of the urgent need for such a change increased immensely.

It has been realised that the explosion of Britain's statute book, from a mere 203 pages at the turn of the century to thousands of verbose statutes which now fill shelves of law libraries...

The flood of legislation is already too great, and too fast moving to be grasped even by the best trained brains, given the archaic form in which it is drafted...

Blue Braes ready

RICHARD HEAD, whose game King George VI Chase runner-up, Uncle Bing, is now thought to be little behind his illustrious stable companion, Border Incident, could well spring a surprise at Warwick to-day through Blue Braes.

Fee system

Stirred by the Royal Commission's questions, some people are asking whether a trial by money (which a litigant can afford to spend) is any more civilised than a trial by fire.

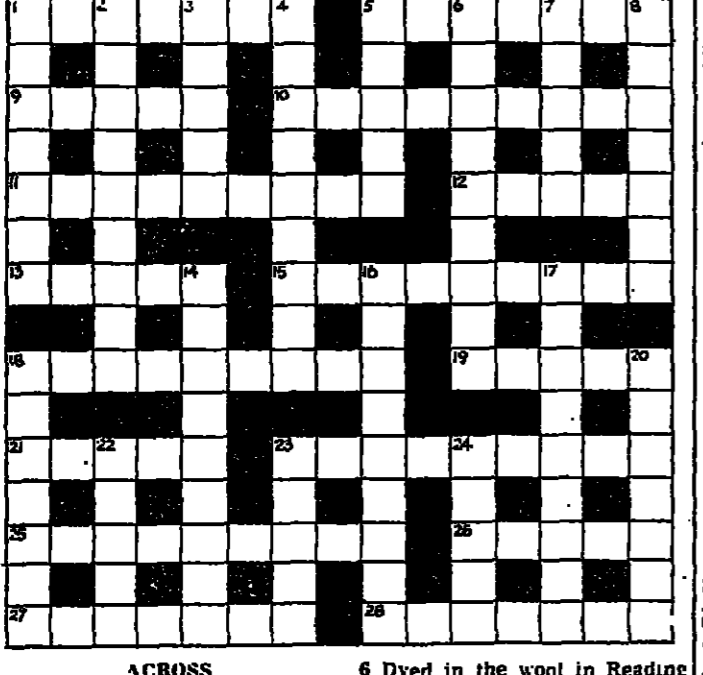
Limbering up for the slopes

EARLY SEASON adventures, and the discovery that a slim-line ski suit was a somewhat snugger fit in December than it had been in April, has turned my attention to pre-ski exercises...

TV Radio

BBC 1 9.35 a.m. The Wombles. 9.40 Jackanory. 9.55 Daughter of the Sun. 10.15 Adventure in the Danube Delta (part 2). 10.40 Flash Gordon Conquers the Universe (part 7). 11.00 Elvis in 'It Happened At The World's Fair'.

F.T. CROSSWORD PUZZLE No. 3554



WARWICK

12.45—Peter Grimes 1.15—Bridgwater 1.45—Ballymore 2.15—Saucy Uppham 2.45—Snowhill Sallor 3.15—Blue Braes\*\*\*

RACING

popular Upper Lambourne trainer to be a useful character in the making, has had just two runs over the minor obstacles. A remote though not disgraced eighth of 18 behind Glorious Devon at Newbury on November 9, Blue Braes then stepped up on the 20th when ninth in a bunched finish for the minor placings in a 26-runner event won by Western Rose on the same course three weeks later.

APPOINTMENTS

Sir Ronald McIntosh, who retired as director-general of the National Economic Development Office at the end of this month, is to join the Board of the LONDON AND MANCHESTER ASSURANCE COMPANY from January 1.

POST FOR SIR RONALD MCINTOSH

general manager of TIME ASSURANCE SOCIETY, has become chairman in place of the late Mr. George Parritt.

WINTER SPORTS

The more experienced skier finds that the muscle stress moves up the body to the thighs. Intermediate skiers tackling the awesome task of transferring from stem christies to parallel turns are prone to skid on their knees, insisting on weight movements which eventually turn the thighs to jelly.

SNOW REPORTS

Table with columns: Depth (ins.), State of ground. Rows include: Crans M'n'tau, Farnham, Les Menieres, Murren, Safford, Val d'Aoste, Wengen, etc.

ACROSS

- 1 Dupe of pussyfoot (7) 2 Birth is becoming a home product (7) 3 Unusual thing to be noisy without us (5) 4 At rest without a protest (5, 4) 5 Intelligence to tolerate paper shuff (4, 5) 6 Article next to ship falls into (15) 7 Long time getting to Pole (5) 8 Close to having visible objective (3, 2, 4) 9 Gate receipts to which terms are partial (4, 5) 10 Imagine daughter with lots of paper (5) 11 Maybe Poe's a fabulous writer to (15) 12 Hoarding account to give to directors (9) 13 After that time depend on yours in correspondence (9) 14 Europeans come to Westminster with the Saints (5) 15 Command of a 28 (7) 16 Party with Frenchman at home that is for teacher (7)

DOWN

- 1 Accountant shrewd enough to go slow (12-5) 2 Reversion enables cast to retire (5-4) 3 Religious piano notes (5) 4 Leading by a lot with Spring approaching (4, 5) 5 Pretext for going out of sight (5)

Harbour tug order

TEES TOWING of Middlesbrough have ordered a harbour tug from Richard Dunston (Hessle).

Bakers drop overtime ban

ABOUT 2,000 Mergerside bakers in five plants, who had been defying their union and maintaining an overtime ban, resumed normal working on Tuesday.

COMMON PLUMPUFF

A Y P S T A S A A R E O U S T F I T T I N G E S E R S E C N E W E A S U M M E R I C E M U S T Q U E S T I O N D E M O N S T R O P H A L B E R T S N L E K R A S A L L E D R I V E R S T E M A S A S T A T E A C O M P O R T M I T A T E C O U L K A R E D M E N T I E S C R O S S I E

Still hurt by a bad Press

by CHRIS DUNKLEY

For television 1977 was the year in which the supposedly benign effects of the box were...

are apparently not. news, their individual lines of development. Elsewhere in drama it was not...

It was, too, the year of the Annan Report on the future of broadcasting, which turned out to be one of the most readable...



The Little Ladies, stars of Rock Follies

Next day the Home Office published its Research Study No. 1 "Screen Violence And Film Membership"...

The Entertainment Guide is on page 16

After the allocation of space, reports about violence and television were as usual very...

politely as the export benefits were detailed for the unpopulated time. Great claims were made for the originality of The Muppets...

documentary-drama that caused most interest. argument, and upset. Yorklife's Television's The Case of Yolande McShane...

spurious "events" created by Christmas looking sadly unlikely that the major Annan proposal to devote Britain's fourth television channel to an all-comers "publisher" network...

By Christmas looking sadly unlikely that the major Annan proposal to devote Britain's fourth television channel to an all-comers "publisher" network...

The Mermaid's adaptation of Harry Nilsson's The Point looks smarter this year, with Peter Whitman's colourful decor...

Book Reviews are on page 8

I don't know who to recommend. The Point to Tuesday's audience was mostly late teenage and post-teenage...

The plot, I should say, having stigmatised it as unsophisticated, concerns this boy Oblio, who lives in a land where everyone but he has a pointed head...



Micky Dolenz

The direction is by Colin Felix Rice, who gives a funny thing he might have run to Bennett, who also plays the Rock Man, though clever for him.

Who, why, what, where and when

Whose smooth television manner attracted the amiable derision of his sister who described him on television as "old one-take Charlie"...

you discovered that your favourite OAP far from being the poverty stricken total invalid she made out...

television suggesting a series of simple studio talks? (b) Hire a PR company, call a press conference...

winner will be the first one opened. Commentators: Ron Pickering, Dorian Williams' anonymous deputy, Hugh Johns, Brian Moore...

Isn't that the one that's always causing someone to rush back to retrieve the sixth cigar from the discarded packet? What's that one called then? Are you quite sure?

1. In 1977 which university study group produced a book about the grave social implications of television? All right then, to make it quicker, which university study group didn't?

Transocean Gulf Oil Company
8% Guaranteed Debentures Due 1984
NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the indenture dated as of December 1, 1968...

Table with multiple columns containing financial data, likely interest rates or values for the Transocean Gulf Oil Company debentures.

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Telephone: 01-248 9000
INTERNATIONAL AND BRITISH OFFICES
Editorial Offices: Manchester: Queens House, Queen Street. Birmingham: George House, George Road. London: 25 Abchurch Lane...

New Year openings
Memor, a new play by John Fozzen Assets opens at the Murrell based around the actress Warehouse on January 9. This Sarah Bernhardt opens at its first play for the Royal Ambassadors Theatre on Shakespeare Company and tells the story of a Borstal boy on the Sibhan McKenna as Sarah, and ran at Christmas time. A 1977 received its world premiere at RSC success, Peter Nichol's Privates on Parade, reappears on February 5, this time at the Piccadilly Theatre...

EUROPEAN NEWS

Soares invited to form new Portugal government

BY DIANA SMITH

PORTUGAL'S outgoing Prime Minister, Sr. Mario Soares, who was defeated in a vote of confidence on December 8, has been invited by President Eanes to form a second constitutional government.

task that Sr. Soares faces. Somehow he must secure the agreement of his rivals—Social Democrats, Christian Democrats and Communists—on the most burning question of the day: a deflationary IMF package aimed at holding down the balance of payments deficit to \$800m. in 1978, compared with the present \$1.2bn.

independent left-wingers of a technocratic bent—a semantic contradiction which is intrinsically Portuguese. To cover himself on the Left, Sr. Soares is expected to seek a separate agreement with the powerful Communist Party, upholding what the Communists call revolutionary achievements: radical land reform, worker-management of private firms, and nationalisation.

Buddy, can you spare a Deutsche mark?

By Guy Hawtin

FRANKFURT, Dec. 28. A BY-PRODUCT of the dollar's decline on the foreign exchange markets has been the financial hardship suffered by members of the U.S. armed forces in West Germany.

Carter to start out to-day for tour of six countries

BY DAVID BELL

WASHINGTON, Dec. 28.

PRESIDENT CARTER is to leave tomorrow on his first long trip abroad since taking office. In the following nine days, he will visit six countries and, while in the Middle East, try to use his influence to get other Arab states to take a more enthusiastic view of the Israeli-Egyptian peace talks.

of Dr. Zbigniew Brzezinski, the White House foreign policy adviser. But the immediate reasons for the particular countries being chosen are probably more prosaic.

to underline the U.S. commitment to the Third World, and approval of the way in which Indian democracy functions. The visit will also be an attempt to improve U.S.-Indian relations, which were severely strained while Mrs. Indira Gandhi was Prime Minister.

Concorde helped by veto of noise limit

By John Wyles

NEW YORK, Dec. 28. MR. JIMMY CARTER, the U.S. President, this morning sent a "hot" line message to James Callaghan, the British Prime Minister, and M. Val Giscard d'Estaing, the French President, drawing their attention to the vetoing of a proposed noise rule which could have barred Concorde from New York's Kennedy Airport in 1985.

U.S. banks lift 'caution' on Italy

BY DOMINICK J. COYLE

ROME, Dec. 28.

SIG. GAETANO STAMMATI, the Italian Treasury Minister, said on television to-night that U.S. banks have recently dropped the "special mention" of Italy as an investment risk.

Minister, has also had meetings with the heads of a number of major U.S. banks. It was emphasised on these occasions that Italy had no longer need for further international borrowings to support the lira exchange rate, but what was wanted was direct financing for productive investment in this country, including meeting part of the cost of Italy's projected nuclear energy programme.

will have to be rolled-over or alternatively replaced by new borrowings. Francis Giles adds: In the first ten months of this year, publicly announced medium-term credits to Italy amounted to \$788m., according to Morgan Guaranty Trust figures. This compares with a figure of \$320m. for the equivalent period last year.

Violence shuts Ankara university

By Metin Munir

ANKARA, Dec. 28.

ONE OF Turkey's biggest universities to-day announced that it was closing for a year after one of its professors was shot and seriously wounded by suspected extreme Right-wingers.

Irish expect to head EEC growth league

BY GILES MERRITT

DUBLIN, Dec. 28.

AT THE END of a record-breaking year, the production of 1978 is expected to be worth over \$500m., and the promise of 24,000 new jobs for Ireland, the Industrial Development Authority (IDA) has announced in Dublin that it is raising its job promotion target for 1978-80.

1977 totalled £117m., a tax holiday on construction and training facilities—will maintain the impetus of industrial development, the IDA has sounded a note of caution. In the wake of the Ferenka affair, in which an international dispute prompted a Dutch multi-national Alzco to close its \$200m. steel-rod plant last month, and a similar stoppage that have beset Japan's Asahi textiles giant, the IDA warned that industrial unrest is damaging Ireland's image.

French inflation eases

BY ROBERT MAUTHNER

PARIS, Dec. 28.

THE FRENCH Government's of-living index of 0.4 per cent. was only half that of the two months before and the index of the announcement of a substantial reduction in the inflation rate. It was only 0.4 per cent. higher in November than in the previous month.

of-living index of 0.4 per cent. was only half that of the two months before and the index of the announcement of a substantial reduction in the inflation rate. It was only 0.4 per cent. higher in November than in the previous month.

According to the Stars and Stripes, the "authorised" union membership for the U.S. Armed Forces for 1978 is more than 18,000 unrepresented U.S. military families in West Germany. In a series of articles highlighting the G.I.'s plight, Mr. Bill Walker, the newspaper's editor, cited the case of a private soldier trying to support his wife and child on \$500 a month—scarcely more than DM1,000.

Union appeal to Schmidt

BY ADRIAN DICKS

BONN, Dec. 28.

CHANCELLOR Helmut Schmidt is expected soon after his return from Egypt and Romania to try to rescue the deadlocked "concerted action" meetings, the periodic discussions between employers, union leaders and Government officials which have for many years symbolised the West German social contract.

Last Summer, Herr Vetter was instrumental in keeping the unions out of the conference in protest against the lawsuit by the employers' federation challenging the new Worker Co-determination Act, which comes into full force next July 1. Despite efforts by Count Otto von Lamsdorff, the new Economics Minister, to mollify the unions by publicly criticising the employers, it has not been possible to convene a new meeting yet.

Three highly qualified master sergeants who told me that they were retiring, quoted an inadequate pay in West Germany as the main reason. However, they also pointed out that this was just one of the factors.

Lower profile at Budget Office

BY OUR OWN CORRESPONDENT

WASHINGTON, Dec. 28.

THE APPOINTMENT by President Carter of James Callaghan as director of the Office of Management and the Budget in the office Mr. Callaghan has been in charge of since he left the White House in 1976, is likely to be a surprise.

Smaller families, more viewing

BY OUR OWN CORRESPONDENT

WASHINGTON, Dec. 28.

THE PEOPLE of the U.S. are eating more meat, watching more television, and three times more likely to be the victims of violent crime, than they were 15 years ago, according to a new statistical survey published to-day by the Commerce Department.

Exxon denies oil charge

BY OUR OWN CORRESPONDENT

WASHINGTON, Dec. 28.

EXXON Corporation is to respond shortly to a U.S. Department of Energy charge that it may have overcharged customers for its domestically produced oil by as much as \$70.8m.

New chairman for the Fed

BY JOHN WYLES

NEW YORK, Dec. 28.

VIRTUALLY ever conversation and around Wall Street this afternoon opened with the question "Who is he?" The chairman of the Federal Reserve Bank, Mr. G. William Miller, has apparently not served well enough to acquaint many members of the U.S. business community with the name of the new chairman of the Federal Reserve Board, Mr. G. William Miller.

The Textron unknown

BY JOHN WYLES

NEW YORK, Dec. 28.

ASSIGNED to help Textron acquire the American Woolen Company, he is said to have joined Textron on the understanding that, if he did not prove himself as an executive material within a year, he would seek other pastures.

Record sales in chain stores

BY OUR OWN CORRESPONDENT

NEW YORK, Dec. 28.

RECORD SALES during Christmas are being reported by a number of the leading chains in the U.S., with indications that the consumer spending is at a level for the year.

Gram silo explosions

BY OUR OWN CORRESPONDENT

NEW YORK, Dec. 28.

A combination of extremely humidity, highly combustible grain dust and pockets of methane gas may have caused explosions in U.S. grain silos in the last week.

Resignation in Chile

BY OUR OWN CORRESPONDENT

SANTIAGO, Dec. 28.

A DECREE calling for a referendum on January 9 in Chile whether the Chilean people support the President, General Pinochet, was today signed by the Interior Minister, Gen. Benavides, on Tuesday.

Adolesia

BY OUR OWN CORRESPONDENT

SANTIAGO, Dec. 28.

Adolesia, a Chilean magazine, was today signed by the Interior Minister, Gen. Benavides, on Tuesday.

W-and

BY OUR OWN CORRESPONDENT

NEW YORK, Dec. 28.

W-and, a Chilean magazine, was today signed by the Interior Minister, Gen. Benavides, on Tuesday.

OVERSEAS NEWS

Begin insists on West Bank presence

ISRAEL'S PRIME MINISTER Begin to-night won a... called for a declaration suggest...

JERUSALEM, Dec. 28. Mr. Moshe Dayan, the Foreign Minister, back from his un-

KEY POINTS OF THE ISRAELI PEACE PLAN

- FOLLOWING are the key points in Prime Minister Begin's peace plan... 1. Israel could buy land or settle in the territory...

Rejection front in new talks

BEIRUT, Dec. 28. THE ARAB states opposed to President Sadat and the Palestine Liberation Organisation are to hold another summit meeting...

Japan reply to latest trade call is delayed

TOKYO, Dec. 28. JAPAN'S reply to the latest set of U.S. import liberalisation proposals is likely to be made to-morrow...

EEC lays down minimum prices for steel products

BRUSSELS, Dec. 28. MINIMUM PRICES for the three types of steel products to be covered by the EEC compulsory internal price regime from the start of next year were announced today by the European Commission.

Rhodesian peace talks resume

SALISBURY, Dec. 28. TALKS aimed at leading Rhodesia to black majority rule resumed here to-morrow after a hiatus marked by a guerrilla war.

Somalia calls for Western aid

TEHRAN, Dec. 28. AT A Press conference here to-day, Mr. Siad Barre, the Somali President, made a strong emotional appeal for Western help in his country's Ogaden war with Ethiopia.

Senior resignations split India's Congress Party

NEW DELHI, Dec. 28. THE CONGRESS working committee, the party's highest policy-making body, is split in two, with seven members of the committee who belong to Mrs. Indira Gandhi's faction having tendered their resignations.

Foreign banks allowed into Pakistan

ISLAMABAD, Dec. 28. FOREIGN BANKS will be allowed to set up branches in Pakistan for the first time since 1964, under a Presidential ordinance issued on December 24 which amends the Banks Nationalisation Act.

Tokyo announces tariff cuts for U.K.

FINANCIAL TIMES REPORTER. THE Japanese Government, which recently introduced measures to increase imports, has now released details of how tariff cuts will affect British exports.

Paper quotas row looms

THE GOVERNMENT faces conflicting pressures from printers and paper manufacturers over revised import quotas for duty-free paper and board which it intends to introduce next year.

Law-and-order dilemma faces Tunisia

UNEXPECTED dismissal of Mr. Belkhouja's cabinet before Christmas, of Mr. Habib Belkhouja, Tunisia's Interior Minister, and the subsequent resignation of six senior cabinet ministers has faced the President Habib Bourguiba with one of the worst crises since he came to power in 1956.

Contracts

- Canadian General Electric Toronto, a subsidiary of General Electric New York, has received a \$51.2m. Venezuelan contract for five generator sets, the Export Development Corporation (EDC) said, reports AP-DJ from Ottawa.

THE SCOTTISH AND MERCANTILE INVESTMENT COMPANY LIMITED. Highlights from the Chairman's Statement on the accounts to 31st March, 1977. Mr. R. D. Poore

HOME NEWS

Iron ore importers seek compensation

BY ROY HODSON

IRON ORE importers are seeking compensation from the British Steel Corporation for lost business because of the failure of the corporation to take up forward orders for millions of tonnes of raw material.

Flotta oil flow resumes

A LEAK in Occidental's 130-mile North Sea pipeline to Flotta, Orkney, has been plugged.

South-east firemen may return to work, union is warned

BY ALAN PIKE, LABOUR CORRESPONDENT

THE LEADER of 3,000 south-east firemen said last night that there might be a unilateral return to work in the region unless there is a quick end to the firemen's strike, now in its seventh week.

Black and Decker wins patent action

BY LYNTOON MCLEIN, INDUSTRIAL STAFF

BLACK AND DECKER has won a 22-month, £100,000 legal action against an alleged infringement of the Workmate portable bench patent.

New Year talks on kilometre switch

BY DAVID FREUD

MR. WILLIAM Rodgers, the Transport Secretary, is expected to begin consultations on switching to kilometres on the roads in the new year.

Bargain hunting starts earlier

BY DAVID FREUD

THE "JANUARY" sales begin its "January" a little earlier each year. Sun-before Christmas.

Telephones help profit forecast for Post Office

BY JOHN LLOYD

THE POST OFFICE is on target to make a large profit on its telecommunications business.

Skelmersdale will set up two more worker co-ops

METALWORK and machinery repair co-operatives are being set up in Skelmersdale in Lancashire following the success of the woodwork venture formed in July to help curb unemployment.

Yusuf A. Alghanim & Sons W.L.L. U.S. \$50,000,000 Medium Term Export Credit Facility

Yusuf A. Alghanim & Sons W.L.L. U.S. \$25,000,000 Medium Term Export Credit Facility

The above borrowings totalling U.S. \$75,000,000 Export Credit Facilities arranged for Yusuf A. Alghanim & Sons W.L.L.

Lithgow to examine management

MANAGEMENT and unions at Scott Lithgow Group are to examine the possibility of introducing a self-financing productivity deal for hourly paid workers to try to reduce the wages gap between shipyards on the Lower and Upper Clyde.

Yarrow (Shipbuilders) are meeting

Yarrow (Shipbuilders) are meeting in January to decide whether to take any industrial action over their three-month-old pay claim for a 50 per cent rise in basic rates.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Finance for Growing Companies. If you are a shareholder in an established and growing company and you, or your company, require between £50,000 and £1,000,000 for any purpose, ring David Wills, Charterhouse Development.

PRESTIGE CARS WANTED TO ALL COMPANY DIRECTORS, TRANSPORT MANAGERS AND PRIVATE CAR OWNERS.

DO YOU HAVE MONEY? We can arrange finance from both institutional and private sources for all types of industrial and commercial property including hotels, factories, homes and overseas developments.

ARABIC TRANSLATION-TYPESETTING. Typewriters and Printing for Sales Literature, Exhibition Material for the Middle East.

LIMITED COMPANIES FORMED BY EXPERTS FOR £78 INCLUSIVE. READY MADE 680 COMPANY SEARCHES.

COMPANIES FORMED. Expertly, speedily, throughout the world. Compare our prices.

FREIGHT FORWARDER. Handling the business on own accounts with separate well established firm of Shipping & Forwarding Agents.

PLANT AND MACHINERY. Fork lift trucks—used. Excellent condition. Fully equipped. Excellent service of parts.

COMPANY NOTICES. DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS FOR COMMON STOCK OF TOKYO SHIBAURA DENKI KABUSHIKI KAISHA.

Products Wanted for U.S. One of America's largest corporations, with multi-million dollar sales of its own products to supermarkets, mass merchandisers variety, drug and hardware stores.

19m. late... market... London... office... DISCOUNT... NE... Cash

Handwritten signature or mark at the bottom of the page.







# The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

## What Dunlop got for its money

NOT ALL advertising works: life would be unbearable if it did. Some ads—thoughtfully written, expensively photographed and tastefully packaged in ribbon and gilt—look and sound all right but fall flat on their faces as vehicles of persuasion, some because they are incoherent, some because they are too obvious, some because they are directed to another, writes Michael Thompson-Noel.

On the other hand there are others which seem wildly conceived and diametrically executed which nevertheless manage to sell a greater number of goods to a greater number of people than their creators can have dreamed. There's no accounting for it.

That said, there is a slim band of gold at the apex of the swingometer reserved for campaigns which manage to combine the very best of both worlds: first-class production values with a genuinely effective sales message.

Strange to relate, but one of the best examples of the breed this year was the corporate commercial—the ad produced by Saatchi and Saatchi and Park Village Productions for Dunlop, which went down well in Cannes, winning a Silver Lion at the annual advertising film festival and getting to within a single vote of becoming the outright winner. More importantly, it sold down well with the masses of U.K. TV viewers because Saatchi's research indicated some quite remarkable improvements in Dunlop's corporate image and in consumer knowledge of the products Dunlop makes.

The TV ad was the second stage of Dunlop's corporate campaign. Three years ago it spent £200,000 on a Press and magazine push aimed at the City, the Government, the media, and employees and trade unions designed to improve Dunlop's image among decision-makers.

But when it came to exploring the main advertising view of Dunlop, Saatchi discovered that Dunlop was associated with tyre and rubber production and almost nothing else, so it was decided that Stage II of the campaign would stress that Dunlop was well-diversified, that it made significant contributions to export earnings, and that as a company it was both international and up to date.

The ad's theme—"You'd be surprised how much you'd miss Dunlop"—was developed with style and wit to show that in addition to tyres and rubber, Dunlop was also a big name in tennis and golf equipment, travel bags, anti-skid road surfaces, mowing pavement beds and carpet tiles, and so on, and that it operated in 152 different product areas in 160 countries with exports last year of £120m.

Out of a total above-and-below-the-line U.K. expenditure this year of £6.4m, says the company's general advertising manager, John Newsome, Dunlop spent approximately £2m on TV advertising, of that £175,000 was spent on its corporate commercial.

Research carried out after the second burst in July showed that total awareness of Dunlop advertising had nearly tripled from 28 to 77 per cent of the research sample (2,000 adults). When it came to a description of Dunlop,

the number of those who thought Dunlop was only a tyre manufacturer had fallen from 66 to 37 per cent, while the number of those who associated the company with a wide range of products had grown from 5 to 16 per cent.

Awareness of Dunlop as a maker of footwear had improved from 38 to 43 per cent, among those claiming to know something about Dunlop already, with other improvements as follows: sports equipment, 24 to 71 per cent; bedding, 10 to 21 per cent; and inflatable boats, 2 to 10 per cent. Changes in perception of Dunlop were found to be similar among men and women across all ages and social classes.

The commercial cost £27,000 to produce, which is par for the course for a 60-second ad. Dunlop doesn't begrudge a penny, and is bringing it back next year.

## Smoking: a £1m. shock for the New Year

STILL FLUSHED with the success of its role in helping to diminish the credibility of cigarettes containing tobacco substitutes, the Health Education Council is starting the New Year with a direct appeal to the nation to eat less, exercise regularly and cut out smoking altogether.

In psychological terms the HEC is, of course, fighting a losing battle. Persuading people to give up things they clearly enjoy, or pleading with them to be cautious when their natural instinct is to be reckless, is a much more difficult sales job than getting them to try something new.

The new HEC campaign takes the bull firmly by the horns. After nearly ten years chiselling away, with limited funds at a public which smokes, eats and drinks too much, the Health Education Council now has enough money to hand to tackle all three "offences" in one fell swoop.

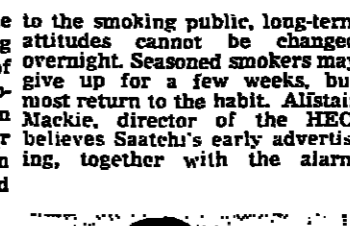
By Easter the HEC will have spent £750,000 through Saatchi and Saatchi on a concerted effort to make people think more about their health. By year's end the figure will probably have topped £1m, an uncharacteristically large amount for a body, albeit Government-financed, which has been forced into using shock tactics in the past because its spending power has been severely limited.

Compared with the estimated £30m spent by the tobacco industry on cigarette advertising in 1977, the HEC figure is still peanuts. But the increase shows that the council is determined to make the tobacco companies' life that bit harder during 1978.

The unequal nature of the battle has been the story all along, and perhaps explains why the council's campaigns have been more memorable and more eye-catching than most: during the past ten years, as Charles Saatchi puts it: "One of our chief aims was to gain maximum publicity, to make it seem that millions were being spent rather than thousands."

The philosophy worked. The agency's first posters for the council, designed solely for display in surgeries and clinics, caught industry's attention, the media's attention, and, more importantly, the public's. The pre-emptive campaign started in March and was quickly followed up by shock close-ups of nicotine-stained lungs.

But however great the shock



Two of Saatchi's shock/horror posters for the Health Education Council.

The only consolation for the industry is that a hard core of smokers are smoking even more.

Overall, though, the long-term signs are good for the anti-smoking brigade. The real breakthrough came in 1974 with a campaign aimed at a small section of the smoking public, pregnant women. The Press ads were even more controversial with an expectant mother in the nude. In fact it raised so many eyebrows that several major women's magazines turned it down and the agency was pressured into changing it.

The council did not like the change; neither did the agency. In the event, the campaign went out with "vengeance," says Saatchi's Alex Flynn. "It cut the number of women who smoked during pregnancy by over 10 per cent, a very significant proportion. A budget of £150,000 was pitched against the £30m spent by the tobacco industry that year."

The anti-smoking campaigners have won other notable victories, none more so than that aimed at teenagers. Agency research discovered that teenagers believed cigarettes to be healthy and a waste of money. What they did not believe was that smoking made them unattractive to the opposite sex.

The agency took this one key factor and fashioned a campaign around it. Basically low-key stuff, it set out to establish that a smoker smelt like an old ash tray. The result: a very significant change in attitudes.

The HEC countered the launch of tobacco substitutes this year with an £50,000 campaign designed, according to Mackie, to "debunk that aura of safety being built up around the new brands."

Future HEC budgets are governed by the amount of money made available by the Department of Health. Next year's £1m—the sort of money it takes to advertise a popular brand of lager on television—would not, for example, cover an extension of the council's anti-alcohol campaign currently running in the Tyne-Tees area. Locally it is large-scale advertising that would cost £2.5m.

Allister Mackie fought hard to get the 1978 increase. "All we have done so far is to make little interventions, small counter-blasts to the big guns of industry. An extension of this kind of advertising because it puts you on your metal but the increase, though still peanuts, will enable us to be that much more professional."

## Mr. Tate spreads his wings

BY PETER KRAUSHAR

EVERYONE KNOWS that it is a picnic to find new and profitable opportunities these days. The survival rate of new products, even those launched by the biggest and most sophisticated companies, and the problem of achieving an adequate return from acquisitions, are a frequent discussion topic in any Boardrooms, so one can imagine the task facing a company which is not only seeking new opportunities but also needs the same time to find ways of employing particular types of workers in specific locations, but is the task currently facing Tate and Lyle.

As is well known, Tate and Lyle has diversified considerably from the area of sugar refining. It has developed into commodity trading, the movement, storage, processing and handling of sugar, molasses, oils, fats, lecithin, beans, seeds, agricultural and process technology, the production of petrochemicals and other bulk liquids, the manufacture of plastic and aluminium products for the agricultural and construction industries, production of flexible packaging, shipping, road transport and warehousing. All these are activities that have made Tate and Lyle a well-diversified company.

The task of finding suitable new openings continues, but is currently combined with the need for creating work opportunities. Following Britain's entry into the EEC and the local councils and the Mersey-side and North West Industrial Development Offices have all been engaged in lengthy consultations. Consultants have

about 30 per cent. After the acquisition of Manbre and Gartron this surplus has become the responsibility of Tate and Lyle which has given an undertaking to the Government to create new jobs for up to nearly 450 workers.

Not many of these jobs can be created within the company's existing activities, so a very active search for new opportunities has been undertaken by Tate and Lyle. Refineries Director Andrew Currie is concentrating on this project full-time with a team of company executives as well as outside consultants, but in addition to the usual problems associated with seeking and evaluating new business opportunities, he must take account of the following factors:

- New acquisitions do not usually lead to a short-term increase in new jobs.
- Internal new product development or starting a new venture from scratch is often a very lengthy process.
- Many new opportunities are not necessarily labour intensive.
- Many new opportunities do not necessarily suit the relevant labour force and its location.

Nevertheless, an enormous amount of activity has taken place during the past year. A development policy and criteria have been agreed. The Department of Trade and Industry, local councils and the Mersey-side and North West Industrial Development Offices have all been engaged in lengthy consultations. Consultants have

been used both to contact companies in the relevant areas and to carry out broad market surveys leading particularly to joint ventures. Merchant banks, Finance for Industry, chambers of commerce, U.S. investment banks and many organisations and companies in other countries have been contacted, and other U.K. organisations that have had similar job creation problems, such as the British Steel Corporation, have been asked about their experiences.

A great deal of action has already taken place. Tate and Lyle Refineries has bought from International Stores, the BAT subsidiary, Ridgeway Tea, which had suffered from a bad fire and needed relocating anyway.

Paget and King, Tate and Lyle's small mail order subsidiary, is to expand into the North West into minor assembly work, while in October plans were announced for a £10m chemical complex representing a joint venture between Hercules Inc. and Tate and Lyle which will be located at Knowsley, near Liverpool, to produce non-toxic industrial chemicals.

Another venture which has just reached fruition is based on an agreement with Mattel, the U.S.-based toy and leisure company, whereby Tate and Lyle will have the European and Middle East rights for a range of new skateboards developed by Mattel. Tate and Lyle will be expected to set up an assembly in the north-west early in the New Year and the venture will enable it to enter very quickly a market

which is currently buoyant. In addition it is about to establish a joint venture company with National Car Parks to open up skateparks at various centres throughout the U.K. in 1978.

A large number of other ventures are being pursued, but the negotiations have not yet been finalised. They include manufacturing of both packaged goods and consumer durables and even retailing ventures. In each case Tate and Lyle aims to contribute manpower, management and finance and in some areas the company's brand names. The sales and distribution resources are relevant, too, but in each venture a partner with particular expertise is sought; this is crucial in saving time and cutting down the risk of entering markets which are new to Tate and Lyle.

The achievements which have taken place in so short a time are indeed impressive, particularly if one bears in mind all the difficulties, and much is due to the top management commitment to the project which has led to very fast decision-making. However, there may be scope for even further projects in addition to those being investigated. New suggestions are coming in from many sources. Tate and Lyle's workers have made many suggestions themselves, and a formal competition among them for new ideas has just been announced—the winner will receive the prize of a Concorde trip to Washington.

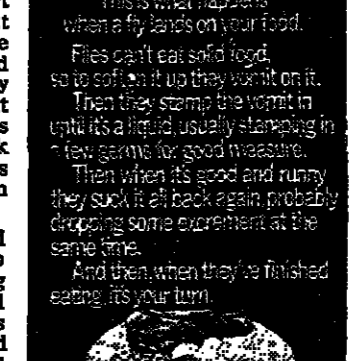
Peter Kraushar is managing director of Kraushar Andrews and Eassie.

## Four new directors at JWT

J. WALTER THOMPSON

MADE four new Board appointments, effective from January 1. The four are: Miles Colebrook, 29, currently account director for Rowntree Mackintosh and National Westminster Bank; Terry Hamston, 40, since 1974 administrator of JWT's creative department; Brian Johnson, 37, account director for Guinness and Oxo; and Tony Stead, 41, who joined JWT's media department in 1961. Chairman Jeremy Bullen said last night: "These appointments are a recognition of the outstanding work all four have done for our clients and the company, and will continue to do."

ALLIED BREWERIES has reshuffled its account pack after falling out with Doyle Dane Bernbach, BBDO, which already handles the £2m. Skol account, is to take on the £500,000 Anells business, and The Kirkwood Company, at present in a state of liquidation, is to handle Teters, which last year billed £450,000. Kirkwoods already handles Double Diamond, Long Life and Diamond Heavy, which in total last year billed nearly £1m.



Two of Saatchi's shock/horror posters for the Health Education Council.

THE ADVERTISING ASSOCIATION'S 1978 conference will be held at the Brighton Centre on April 27 and 28. Chairman: Sir Adrian Cadbury.

PUT ON the market by G.M.T. Products is a low power miniature printer specifically designed for use with digital voltmeters, frequency meters and similar instruments.

Called the 402, the unit prints 15 columns from parallel input and has a range of low power board options that allow it to be used in stand-by, electrically isolated or portable applications, using a re-chargable battery.

The unit can in effect be operated as two printers with independent activation of a group of seven and another of eight columns. In addition, a five-digit counter is provided for line or sample counting, rate measurement or batch counting. Controls are recessed to avoid accidental operation and the 102 measures 107 x 157 x 314 mm; operation is from any ac mains or from 20 to 28 vdc dc.

More from the company at Woodlands Road, Epsom, Surrey, Epsom 20641.

Flow at high pressure should however be used three at a time above 20 ins, at three separate depths to average out the profile. Accuracies of better than 1 per cent are obtained, with changing velocities.

The instrument can be linked direct to a computer or used with any of the company's electronic read-out units to provide readings of flow total, rate of flow and other derivatives. More from Cross Lances Road, Hounslow, Middlesex (01 570 7774).

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## Technical news

EDITED BY ARTHUR BENNETT AND TED SCHOETTERS

### PRINTING Advisory centre for new technology

TO MEET variable composing requirements, Ferranti has supplied a CST interactive computer composing system to the Printing Industry Research Association's (PIRA) electronic composition centre.

PIRA needed flexible computerised composition to simulate the many and varied functions required in the print industry during text composition. The Ferranti CST with its Argus 700 computer, visual display terminals, and line printer, was selected and linked to a Monotype "Lasercorp" phototypesetter.

Using this new facility at PIRA potential purchasers of electronic composition equipment will be able to evaluate equipment suitability and be able to obtain unpublished information on equipment performance and operating costs. Practical training courses will also be offered.

The text input and editing displays CRT is a 380 mm (15 inch) diagonal rectangular tube. The repertoire consists of 127-character set which includes upper-case and lower-case alphabet characters, numerals, punctuation and other symbols. The make-up display is a 280 mm (11 inches) diagonal CRT, and shows the fully justified text.

Input keyboards are QWERTY but a 90-key Lincastrer layout is optionally available.

The system may be installed with input terminals up to 300 metres from the computer using twisted wire pairs, or up to 600 metres using coaxial cable.

Ferranti, Simonsway, Wythenshawe, Manchester M22 5LA. Tel: 061 437 5391.

### MATERIALS Acrylic vehicle paint

A HIGH performance two-pack paint for the vehicle refinishing market is being launched by ICI's Paint Division.

Although it is a hydroxy acrylic broadly similar to other two-pack products on the market, it differs technically in that it is based on a pure acrylic resin.

ICI says this gives better durability than the acrylic polyester blend used in most of the competitive paints, and better control in the application of metallic colours.

The latest formulation has been developed from a successful product sold in Europe by ICI's subsidiary, Hermann Wiederhold GmbH, and has been in use in field trials at a number of ICI refinishing plants for a year.

It will be offered in a weight saving scheme, using microchips colour matching and a full range of computer-controlled formulae.

After the paint's health and safety hazards connected with this type of paint, ICI has decided against a large scale national launch. Called Auto-Cor, the system will be released in a number of areas with support from technical service representatives. This is to ensure that customers clearly understand not only the advantages of the product, but also the precautions necessary in using it.

ICI says the paint will only be offered to those refinishing shops who have the necessary facilities to be prepared to install them.

The company stresses that health and safety hazards arise through the use of the isocyanate active agent, and not through the paint

### COMPUTING High target for exports

OPTIMISM is the keynote of the recommendations submitted to the NEDC by the computer sector working party of the electronics Little Noddy since it suggests—and thus must believe possible—a target of an export surplus in international trading in computer related areas of £200m by 1980.

However, the working party hedges its optimism by saying that it is difficult to set soundly based objectives in a sector where trade statistics are open to a wide range of interpretations.

It gives the deficit in computer trading for 1976 as £148m. Dol statistics would seem to show that the 1977 deficit in trading in computer peripherals alone will be of the order of £400m. Thus, to go from a minus somewhere between those figures to the plus £200m target proposed, in three short years, will demand some truly radical changes in the £200m a year U.K. industry, including the creation of stock and barrel of major new production facilities to cover the area where the U.K. is most import-hungry.

And it is not the proposed £200m a year U.K. industry that is going to have any real influence. Required investments will be much higher and fostering of domestic peripherals production at least as vigorous as in France.

### Calculator is the link

A DATA acquisition equipment that combines a portable programmable calculator with interfacing technology to make a low-priced solution to instrument data collection and computation applications has been introduced by Hewlett-Packard.

HP Model 975 1/0 calculator, based on the HP-97 programable calculator, gathers data from a wide range of instruments. The HP-97s then manipulates the data according to user-designed programs and produces a printed hard-copy report.

With the HP-97S the user can take an instrument measurement and compare it to a standard or calibrate in data, do computation on each individual reading, or take multiple measurements and conduct comparison and statistical analysis.

The list of equipments that can be used more efficiently with the calculator is large, including electronic balances, photometers, densitometers, thermal conductivity analyzers, and pH meters, co-ordinate measuring equipment and physical parameter measuring equipment.

Hewlett-Packard, King Street Wokingham, Berkshire, RG11 5AR. Wokingham 784774.

### Hand-held terminals boom

VOLUME shipments of MSI Data Corporation's MSI/77 portable data entry terminals have begun. Introduced last May, the MSI/77 is a hand-held, solid-state terminal which weighs just over one pound. It is programmable and uses inexpensive, disposable pen-light-type batteries as its primary power source. It captures and stores stock information.

The backlog of orders for MSI/77s now stands at more than \$8m. (about \$5m.) and demand for the new terminals continues strong.

MOST of the additional components required to make a monolithic eight bit digital-to-analogue converter operational are not necessary to the Signetics VNE18 now available from Mullard.

According to the company most of the eight-bit chips need an external output amplifier and sometimes an external voltage divider as well. Mullard also claims that so far, no chip has included the input latches needed in a microprocessor-based system to capture and hold the digital data long enough to be acted upon by the converter, without tying up the micro.

Compatible with microprocessors that have data buses eight bits wide, the VNE18 has input latches controlled by a specific pin. The data and latchable inputs present very little load and are easily interfaced with all logic systems.

More from Torrington Place, London WC1E 7HD (01-580 6633).

### Converter on a chip

GED Industrial Controls has through a thyristor fuse or thyristor power connection. The signal induced by the changing magnetic field is integrated and amplified in the instrument to produce a meter deflection proportional to the root-mean-square value of current.

Although developed primarily for use on thyristor converters, the applications of this test instrument are not restricted to that area. It may also be used to detect current flow in any conductor, provided that the current is either pulsed or alternating.

More on 0785 2144.

### INSTRUMENTS Miniature printer

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### CONFERENCES Miners in Hong Kong

THE ELEVENTH Commonwealth Mining and Metallurgical Congress is to be held at the Excelsior Hotel, Hong Kong, May 6 to 12. The International Mining and Metallurgical Exhibition will also be held in Hong Kong from May 8 to 12, covering plant, machinery, equipment, processes, supplies and services for these industries.

At least 70 papers will be presented at the Congress, covering a wide range of subjects including pricing and finance, training, waste disposal, exploration techniques, mining planning and prediction of ore reserves.

The inaugural lecture on mining, political risk and the European Community will be delivered by Christopher Tugendhat, member of the Commission of the European Communities.

Tours covering metallurgical industries in South East and Australasia and India have been arranged for delegates.

Details from the organiser, the Institution of Mining and Metallurgical Engineers, London W1N 4BR (01-580 3802).

### QUALITY CONTROL Picks out a suspect

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More on 0785 2144.

## STEEL BARS AND SECTIONS

RELIABLE SERVICE in times of scarcity and plenty

GKN(South Wales) Ltd. (A member of GKN Rolled & Bright Steel Ltd.)

Castle Works, Cardiff CF11 0TL (0222-33033)

sections up to 915 x 420 mm. Material is fed at rate up to 40 metres/minute.

Holes up to 39 mm diameter can be punched in 13 mm thick steel at tolerances of ±0.1 mm in hole patterns up to 500 mm ±1 mm in material lengths of 10 metres.

Material for the line is handled by 1 metre wide motorised rollers, and 12 x 6 metres input and output cross transfer units to change dimensions. A Peddimar roller measurement system.

It was supplied by Press and Shear Machinery Co., Coronation Road, London, N.W.10 7PT (01-965 2378), a B. Elliott Group company.

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Thursday December 29 1977

# The debt debate

THE FACT that Britain is soon to repay the first \$2bn. or so of the official foreign debts accumulated in recent years is likely to add heat to a debate which has already begun about our national financial priorities.

Already various voices, including some within the Labour movement, are arguing that it is absurdly conservative for a country which has become highly creditworthy to give much priority to repaying debts which can easily be refinanced. The money, it is argued, could better be used for any of a whole list of purposes—lower taxes, higher public investment, the development of post-oil energy resources, or simply better social welfare.

## Alternatives

The natural layman's inclination to picture oil revenue as a sum of money which can be spent at will is not entirely misleading. North Sea oil does increase our range of national choice, and policy is no longer a matter simply of choosing what kind of sugar should coat the pill. A well-informed debate about the possibilities open to us could do much to relieve the despairing cynicism which has marked our politics in recent years, and offer the country a choice of meaningful alternatives at future elections. Unfortunately the issue of debt repayment raises all the issues from the wrong end, and in a dangerously oversimplified way. The management of our overseas debts and assets is basically a matter of portfolio management, a decision about the use of funds which will only emerge as a result of the basic policy decisions. Debt is not the real issue.

The opportunity to repay debt arises because the country has now moved, for the time being at any rate, into current account surplus; and the discussion can be brought a little nearer the real issues by asking whether it is sensible to make a continued surplus a policy objective for some years to come, as the Bank of England recently urged it should be. The strongest argument for running a surplus while the oil lasts is simply that it will not last very long. It should therefore be treated as capital, and used in part to build up a strong international financial position for

the future. Such a course could remove the threat of sterling crises for more than a generation to come, and so lay the ghost which has haunted British economic policy ever since the war.

The promise of relatively stable conditions for the indefinite future will surely do more in the long run for confidence and growth than a relatively short-lived boom engineered by keeping demand well ahead of output, followed by a doubly painful readjustment to the realities of, say, 1975; and the Government's present strategy of a relatively cautious expansion of demand would entail a current account surplus for several years. The question is not so much whether such a policy is desirable from an insular point of view as whether it is practical in a world of floating exchange rates. The sharp rise in sterling during our unenvied national holiday is a reminder that it is not easy to run a surplus without generating strong upward pressure on the currency, which could endanger both export growth and profitability in general.

## Real assets

The repayment of foreign debt—or the accumulation of reserves, which has exactly the same effect in the exchange markets—is one way to generate capital outflows to offset the current surplus. The financing of private sector investment overseas is a more rewarding way of achieving the same result: a high priority for the repayment of official debt is equivalent to a portfolio decision to invest a large inheritance in U.S. Treasury bills rather than real assets, and in this sense debt repayment is at present given too high a priority. But it is also possible, as the OECD argues, that capital flows are only partially effective in offsetting exchange pressures, and that our current account objectives must themselves be relatively modest—which could be achieved by a more expansive fiscal policy, higher official investment in such resources as coal, or simply by a more conservative depletion policy in the North Sea itself. These are some of the real issues behind the debt debate.

# Reckoning time in Ankara

TURKEY'S long-simmering political crisis is at last coming to the boil. Against a background of continuing student violence and economic crisis, the shaky coalition Government led by Mr. Süleyman Demirel this week-end faces a vote of confidence that it is almost certain to lose. If it occurs, Mr. Demirel's downfall will have been brought about by defectors from his own conservative Justice Party who can no longer tolerate the Government's inability to solve the country's alarming political and financial problems.

## No headway

In its period in office, Mr. Demirel's Government has made little or no headway in reducing the international tensions that are threatening to isolate Turkey increasingly from her Western Allies. There has been no sign of movement in the disputes with Greece over Cyprus and the Aegean, relations with the EEC remain embittered and the U.S. Congress is still holding up ratification of the new Defence Co-operation Agreement on which Turkey is relying to re-equip her armed forces. Failure to resolve these problems is by no means the sole responsibility of Turkey—the EEC, for example, has been remarkably slow to acknowledge the country's genuine difficulties—but it has not helped to have a Government in Ankara that has proved incapable of taking any major policy decision in the past five months.

The Government's economic problems are even more serious. The drying up of emigrants' remittances and foreign bank lending, combined with a disastrous trade performance, have brought the country to the point where it has run out of foreign exchange. Vital imports on which Turkey depends for its industrial development and economic prosperity, are quite simply no longer arriving. Protracted negotiations with the IMF for fresh finance have still not been formally concluded, and the stiff terms that the fund is demanding are one of the main ingredients of the current crisis.

Mr. Demirel's critics would say that he must take a large part of the blame for the Government's paralysis. In recent months he has given the impression that his prime consideration is to stay in power, regardless of the political constraints that an export partners place on him. With fewer seats in Parliament than the opposition Republican People's Party, led by Mr. Bulent Ecevit, Mr. Demirel has since last June's elections been obliged to rely on the support of two smaller parties, one Islamic nationalist and the other more or less openly neo-Fascist, effectively giving both of them a veto over Government policy. Mounting discontent inside the Justice Party over the arrangement was brought to a head when Mr. Demirel's candidates fared poorly in local elections earlier this month. There is now a strong feeling in certain sections of the party that its best policy would be an end to the humiliating coalition and a period in opposition, preferably under a new leader.

## Sympathy

Some of the defectors from Mr. Demirel in recent weeks would like to see a broad coalition between the two major parties, the Justice Party and the Republican People's Party. It is far from certain, however, whether this would be acceptable to either of the two leaders. It is more likely, if Mr. Demirel is voted out on Saturday, that Mr. Ecevit will try to form his own minority Government, with support from the defectors.

While accepting the need for an agreement with the IMF, the left-of-centre Mr. Ecevit has said he wants modifications in the arrangement negotiated with Mr. Demirel's Administration. That could cause fresh problems and delay the arrival of much-needed financial relief. There is no immediate solution in sight to Turkey's difficulties. Two things, however, can help—end to the disproportionate influence of extremist parties over Government policy and considerable sympathy from the country's Western Allies.

## SALES OF CHEMICAL PLANT TO COMECON

# The pigeons are coming home to roost

BY KEVIN DONE, Chemicals Correspondent

**E**ASTERN EUROPE is never going to be able to absorb all that ammonia and all that methanol capacity it is building. These countries are going to have to export it and someone's going to get indigestion. The West has sold this technology and it is going to come back and bite it," Mr. Harry Neustein, a veteran U.S. expert in trading with the Eastern Bloc has been reciting the same message for a long time now, but in recent months the chemical industry in Western Europe has started to take it seriously.

In the wake of the oil crisis it was the Middle East with its plans for expansion into petrochemicals that first appeared to pose the biggest threat to the industry. But for the time being at least, the menace of the Arab oil producers has been supplanted, and instead it is the rapidly developing petrochemical capacity of the Eastern Bloc countries, which now haunts the West European industry.

The transfer of Western technology to the East is not a new phenomenon, but the practice has probably been more concentrated in the chemicals sector than in any other area of manufacturing industry. To the industry's concern most contracts for the construction of chemical plants in the Comecon countries contain provisions for payment in goods, and more often than not in products from the particular plant in question. This particular form of barter, known as compensation trading, amounts to the Comecon countries saying: "Sell us a net, and we'll pay you with the fish we catch."

The Eastern Bloc countries are putting heavy emphasis on building up their chemical industry. The industry is technologically intensive, but no single Western country dominates it, so there is an abundance of international competition, which can be exploited when it comes to buying technology. Variations of barter and compensation trading make chemical development especially attractive for the East Europeans because the pace of expansion is not affected by the availability of hard currency. Furthermore, foreign exchange, which is always in short supply, can be preserved for those essential purchases for which there is no alternative.

By paying for a plant with products the Comecon countries are ensuring that an export market will exist as soon as their plants come on stream, and the alliance with experienced West European chemical traders, and sometimes with producers, guarantees access to marketing skills which they would otherwise find impossible to match.

Chemicals manufacturers in Western Europe have never been enthusiastic about compensation trading deals, but until recently their disquiet has been submerged by the undignified scramble of Western contractors, aided and abetted by their domestic Governments and banks, for a share of the major construction projects that are undoubtedly available. The process has been accelerated in recent years because of the low level of investment in the West. This has turned the contracting business into a buyer's market, allowing the Comecon countries to set their own terms.

There has not been much doubt about where the Western Governments have set their priorities. Countries have vied with each other in opening up cheap lines of credit—among which the \$950m. arranged in 1975 for the USSR by Sir Harold Wilson, the then British Prime Minister, must rate as a prime example. At a time of recession at home, such deals offer both political kudos and the prospects of preserving employment in the engineering industry. But such considerations offer little consolation to a chemical industry which is trying to face up to a potential flood of low-cost imports, that could cause considerable damage in already weakened markets.

Many of the contractors argue that if one refuses a deal because of the adverse effects it could ultimately have on Western markets, there will be no shortage of others willing to step in.

A further irony, in view of the final damage that could be caused, is that most of the deals are financed by Western sources of capital. The level of British lending to East Europe is still some way behind that of other countries, such as West Germany, but it has risen sharply in the last 12 months. No firm figures are collated centrally, but British bankers estimate that lending to East Europe now accounts for 12 to 14 per cent of total foreign lending by U.K. banks, compared with a level of only 7 per cent a year ago.

As Mr. Ralph Landau, of Halcon International, recently told the Society of the Chemical Industry: "Because of the world recession triggered by the precipitous energy price rise of 1973, Western financial institutions with substantial excess cash available, and Governments facing rising unemployment in their machinery and engineering industries, have rushed to finance both trade and investment with the East, usually at seemingly favourable terms. West European countries are still offering to finance capital projects in the USSR and the rest of Eastern Europe at interest rates well below 8 per cent for ten-year loans,

while their domestic customers may be paying around 10 per cent." By the end of 1976 the indebtedness of Eastern Europe to the West was \$48bn. primarily caused, Mr. Landau says, by "the technological gap which the USSR and other Communist countries decided to plug by massive imports of Western technology, machinery, capital and construction management engineering." It can, he says, be unhesitatingly predicted that "the results will be unfavourable for the West European chemical industry, particularly when it is realised that Communist governments

## SOME MAJOR COMPENSATION DEALS SIGNED WITH USSR

| COMPANY                               | YEAR SIGNED | DESCRIPTION OF CONTRACT  | VALUE   | PRODUCTS TO BE TAKEN BACK  |
|---------------------------------------|-------------|--|---------|--|
| Salzgitter (West Germany)             | 1972        | Supply of 120,000 tons a year low density polyethylene (LDPE) plant                                | DM120m. | LDPE: 150-250,000 tons in total  |
| Litwin (France)                       | 1973        | Supply of 200,000 tons a year polystyrene plants plus 200,000 tons a year polystyrene plants       | \$120m. | Polystyrene: over 81 years at about 24,000 tons a year                 |
| Montedison (Italy)                    | 1973        | Supply of at least 11 plants including urea, polypropylene, acrylonitrile and chlorofluoromethanes | \$900m. | Ammonia: at 250,000 tons a year plus some urea and acrylonitrile       |
| Occidental (U.S.)                     | 1974        | Supply of 1m. tons of super-phosphoric acid over 20 years beginning 1978                           | \$200m. | Ammonia: 36m. tons, urea: 20m. tons, potash: 25m. tons (over 20 years) |
| Sinl Viscosa (Italy)                  | 1975        | Supply of 80,000 tons a year caprolactam plant   | \$180m. | Caprolactam: more than 200,000 tons                                    |
| CJS (U.K.)                            | 1977        | Supply of 200,000 tons a year high density polyethylene (HDPE) plant                               | £50m.   | HDPE: about 160,000 tons   |
| Davy Powergas/ICI/Klockner Ind (U.K.) | 1977        | Supply of two 2,500-ton-a-day methanol plants  | £147m.  | Methanol: about 300,000 tons a year over 10 years                      |

Source: European Chemical News

can price their products at any level necessary to earn much needed foreign exchange."

The full effects of compensation trading deals and the transfer of technology will only be seen as the plants come on stream. But the process has already begun. According to Mr. E. G. Werner, a managing director of the Royal Dutch/Shell Group, the difficulty arises "precisely because prices are lowered to whatever level is necessary to secure business in the West. So far the impact of 'politically priced' products has been felt particularly in fertilisers and synthetic rubber. In France, for instance, 20 per cent of all synthetic rubber sold is now coming from Eastern Europe, and in the Netherlands the figure is more than 30 per cent. Mr. Werner has warned: "If the current dumping of artificially-priced exports from Eastern Europe were likely to become a permanent feature of the European scene, and if it were likely to extend to a wide range of chemicals, Shell companies would obviously take a very hard second look at their current investment plans."

Over the period to 1981 it is expected that Comecon countries may switch from being net importers to net exporters of such major commodity plastics as PVC (polyvinyl chloride), low density polyethylene and polypropylene, products for which there is already severe over-capacity in Western Europe. In synthetic rubber, where the process of market erosion has already begun, prices from Eastern Europe are frequently 20 to 30 per cent below those quoted by major West European producers.

A market proportion at such a discount cannot but fail to have an extremely detrimental effect on the viability of Western European investment, Mr. Fortuin says. "Such examples will be multiplied as significant surpluses of products such as PVC become available in East Europe and find their way at considerable discounts into West Europe."

But there is some time to go before the dark future foreseen by Mr. Neustein materialises. And the industry has realised that it must respond, if we are to preserve our health and not sicken as a consequence of the excesses of the present laissez-faire policies and attitudes—as Mr. Robert Malpas, the ICI Board's member for East European relations, puts it.

The West European chemical industry bloc is by far the most fragmented and the most vulnerable of the four major blocs, East and West Europe, the U.S. and Japan. Together these four account for some 90 per cent of world chemical production. On the pattern of current growth rates East Europe's capacity will surpass that of North America by 1985 and will have equalled that of Western Europe. Western Europe currently exports and imports significantly more chemicals than any other bloc, but its overall trade balance is still very much in surplus.

Exports to production in each group will tend to draw closer together. "The chemical industry of Western Europe is the largest importer, the most dependent on exports and together with East Europe geographically the closest to another major bloc. It is the most heterogeneous market, has competition on a nation-to-nation basis as well as company-to-company, and is the least protected."

The development of this "bloc-consciousness" in the chemical industry in West Europe in the past 12 months is causing a fundamental reappraisal of its attitude towards the European Commission, and is causing it to seek EEC aid in overcoming some of the daunting problems it faces. The Commission, says Mr. Malpas, has taken over responsibility for anti-dumping legislation from its member states. "It must use these powers effectively and devise equitable ways of dealing with the fact that the 'market price' on which imports are judged as fair or unfair is not applicable to imports from Eastern Europe." Along with others in the industry he has put forward the concept of a "European market price," but the idea has met with a cool response in Brussels.

A more promising course is the one that has been followed by the West German Chemical Industries Association in promoting a monitoring system for all compensation trading deals. This proposal will probably be adopted soon on a European basis. And Mr. Malpas has been to ensure that where buy-back deals are used, those chemical producers who are licensing the technology will also handle the returning product.

As he points out: "In the transfer of technology, all the sectors—chemical producers, process contractors, engineering suppliers, chemical merchants, banks, national governments and supra-national bodies—are dealing with the 'stock-in-trade' of the chemical producer, that is, the ability to make chemicals. But for all except the chemical producer it is a one-way transaction."

In the long-term it could be that the industrialisation of the Comecon countries in chemicals will have beneficial effects. The best markets for chemicals have always been those countries which have their own highly developed chemical industries, and eventually it could be that more export markets for highly specialised chemicals will open up in the East Bloc for Western industry. But in the meanwhile the West European chemical industry has got to learn quickly how to live with increasing low-cost imports from the East at a time when its own house is not in the best of order.

# MEN AND MATTERS

Take some letters after your name

A trial of strength looms between two resolve-feminine organisations, both of whom proclaim a wish to raise the status of office secretaries in the eyes of their bosses. The more venerable of the two—founded in 1957, and with Baroness Vickers as president—is the Institute of Qualified Private Secretaries; its 2,000 members can, and do, put initials such as FIQPS or AIQPS after their names, depending on whether they are full or associate members. In the other corner is the Association of Personal Assistants and Secretaries, founded three years ago by Mrs. Isobel McPhail, who runs a secretarial agency in Leamington Spa. The supporters of APAS (current membership 1,000), will after five years rise to the dizzy heights of being fellows—some what reactionary by women's lib terms, maybe—and so will be putting FAPAS after their names.

Mrs. McPhail has gone right into the attack in the latest issue of The Director, by inserting a leaflet labelled "For the attention of the managing director's secretary." This talks in Angela Brazil fashion about the need for teamwork in the office, then urges the girls to ask their bosses to pay the £10 annual subscription.

To avoid stirring up paranoia in a managing director's mind, the leaflet says firmly: "You can assure him that the association isn't any kind of trade union, nor does it ever indulge in collective bargaining on behalf of its members."

While equally shunning any suggestion of militancy, the IQPS takes a very superior view of its rival's way of establishing grounds for membership—a form rather gracelessly headed "Boss's Endorsement." Mrs. Christine Alexander, a committee member, told me that

IQPS girls have to take London Chamber of Commerce examinations to rise up the ranks. The institute is also looking for membership from graduates who have done business degrees with secretarial training. It all began to sound so formidable that I dared not ask whether mere fellows could apply to become FAPAS or FIQPS.

## Slimy affair

Without intending to make matters worse for readers still feeling queasy from a surfeit of brandy butter and the like, I have to report that the January issue of the British Medical Bulletin is entirely devoted to mucus. It contains learned articles by a galaxy of mucus connoisseurs, including pharmacologists, gynaecologists, respiratory specialists and paediatric gastroenterologist, Sir Francis Avery Jones, says in his introduction: "We cannot do without mucus, irritating though it may be if there is too much or too little. . . . That's all. You can open your eyes again."

## Anxious host

The news that lawyers and economists in the Danish civil service are planning a travel ban, to lay on pressure for a wage rise, just makes long-serving Foreign Minister Knud Boerge Andersen even more ingenuous about the weeks ahead. On Sunday, Denmark takes over the EEC presidency, and the ban—since it would rule out trips to the EEC mecca, namely Brussels—would scupper Andersen's best-laid plans.

The last time Copenhagen took over the presidency was in 1973, and the chaotic state of affairs then is well recalled by Mrs. Andersen, who was already in the Foreign Ministry saddle. The European summit in Den-



"Healey's pound may have had a good year, but not the one in my pocket!"

mark's capital coincided with the resignation of the Social Democrat government and nobody quite knew whether the country's ministers had the power to commit themselves to anything. To cap that, the summit came in the middle of the oil crisis; it was enlivened by the unexpected appearance of a party of OPEC spokesmen. For a while, neither the European heads of government nor the OPEC ministers seemed sure what they were up to; on behalf of the hosts, Andersen felt the dilemma acutely.

Now he is 63, and although he looks young for his age in the Scandinavian style, he admits to feeling tired just at the thought of the EEC presidency.

He commented to our man in Copenhagen: "I have consoled my wife with the thought that if the worst happens and I don't survive the treadmill, he will be in at least be one of the best that Denmark has ever seen, because it will have to be attended by all nine heads of government and Roy Jenkins as well."

## Threadbare

The OECD may fancy that Britain's prospects look relatively hopeful, but a Mrs. Beauman of Islington is not quite so confident. She sends me a letter from Jones Brothers, a branch of the John Lewis Partnership, about a carpet she was hoping to have well before Christmas. The letter says it will not arrive until January, and quotes the manufacturers' reasons why: (a) Industrial action during June, July and August, ending with a strike during September; (b) a fire at the end of August; (c) Considerable yarn quality problems; (d) The power strike; (e) Up-trend in business."

Mrs. Beauman thinks that tells her a lot about the condition of British industry. So perhaps it is fortunate for our international reputation that the Paris pundits had not been trying to buy one of our carpets.

## Southern cross

At present, Auckland services go no further Down Under than Melbourne; but if they should be extended, there will be quite a party of OPEC spokesmen. For a while, neither the European heads of government nor the OPEC ministers seemed sure what they were up to; on behalf of the hosts, Andersen felt the dilemma acutely.

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Sign in a Kingston launderette: "To avoid unnecessary delay, please remove your clothes as soon as the lights go out."

## DON'T MISS THE NAP SHARES FOR 1978

At the beginning of every year, the IC News Letter selects a number of shares for capital gain over the following twelve months—its Star Nap Selections. The chart above shows the cumulative 12-month performance of each year's Nap Selections over the last 20 years plus the performance to date of the 1977 Selections which are showing an average gain of 69.4% led by Serck and De La Rue. If you had invested £1,000 in the 1957 Nap Selections and reinvested the proceeds at the end of each year in the annual selections, your initial £1,000 would now be worth £201,600 (before gains tax and expenses) against a mere £21,711 if you had invested in the FT Index, and £4,083 if you had managed to keep pace with inflation.

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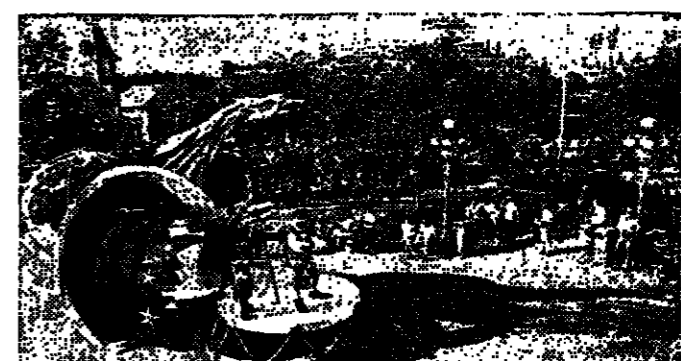
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*John Jenkins*

Specialists

# The mouse that roared for Disneyland

BY ARTHUR SANDLES



Inoffensive entertainment at Walt Disney World in Florida.

LONDON IS putting up a statue to him: Her Majesty's Post Office has designed a special telephone for him; and television will continue to devote hours to his exploits. Mickey Mouse is 50 years old in 1978, and the world's smallest hero has come a long way since he was born on a train between Chicago and Los Angeles. Mickey has proved to be the foundation stone of a group which last year reached \$630m. turnover, produced \$82m. in profits, ran the largest amusement park operation in the world and stuck its label on everything from toothbrushes and table lamps to soap bars and shopping bags.

Walt Disney had been in the cartoon business for some years before Mickey came along. Early business ventures had enjoyed mixed fortunes and in 1925 the Disney's (his older brother Roy was in the business) as his wife Lilly were on the edge of another disaster in the form of the loss of their first prime character, Oswald the Rabbit, to a film distributor who obviously had a talent for contractual traps. Seeking a replacement Disney himself decided that he dreamed up the mouse character on that east-train ride across the States. The legend was that his wife rejected his suggested name of Mortimer for the more chummy name of Mickey. The germ of the story may be there, but in fact Mickey grew to reality from the original Disney idea on the first board of Disney's long-time collaborator Ub Iwerks.

Mickey scarcely looked back at his first few films, but the Disney organisation continued to stumble from problem to problem although somehow it didn't grow. Even some fat cats in the late 1930s were

followed by the wartime removal of much of the Disney export market. Then came competition from television and some threatening words from a very worried Bank of America. Success seemed always to be followed by failure, only for another success to emerge from the ruins. What Cinderella (1950) made, Alice in Wonderland (1951) lost. "Some day I should like to see the position where this company does not have to live from one picture to another," Disney said at the time. Those days have long since been reached. Indeed it could be said that if Disney had lived on the films produced recently the company would be in for a bad time.

Tramp. Some might say his absence shows on the film-making side. Animation costs are frightening nowadays and the decision to embark on any new project is a worrying one. The latest Disney cartoon, The Rescuers, cost \$7.5m. to make, but should have a near-eternal life. Disney clearly hopes that several of the cartoon's characters will become revenue sources in their own rights, although none of them are likely to rival the immortal Mickey.

Cartoon films are usually on the road for three years and then withdrawn for seven. "By the time we re-release them," says Disney's marketing man in

make. Coming to the end of their seven years on the shelf there are such money-spinners as Jungle Book and Lady and the Tramp, the re-appearance of both of which is causing some excitement in the toy industry. Between times Disney makes conventional family films. It is tempting to call them pot-boilers although every now and then a Mary Poppins comes along to boost the image. Peter's Dragon began its British showing at Christmas, but fairly enthusiastic reviews. Next year Disney will be jumping on the sci-fi bandwagon with a picture called Space Station One.

But Disney-to-day is not merely an organisation showing

should be, is invited to leave the ranks. Mickey Mouse himself would seem to be still the most merchandisable commodity on the Disney books, along with his old companions Donald Duck and Pluto. Minnie Mouse unfortunately is something of a flop in the modern popularity stakes.

Toy and clothing manufacturers pay Disney a 5-6 per cent licence fee on the wholesale price of their products, while publishers have to give 5-7 per cent of retail value. On food (there are Disney chocolate bars, honey cakes, and soups) the cut comes down to 2.5 per cent of retail prices. Disney took \$97m. in consumer

for the whole project. Disney said "no," and instead all U.K. franchise holders are being asked for £80 each, whatever their size. The hunt is on for a sculptor with a talent for carving giant mice.

One huge mouse in London will, however, be nothing compared with the orgies of Disneymania to be found in Anaheim and Orlando, Florida. California's Disneyland opened in 1955, while the considerably larger Walt Disney World opened in Orlando in 1971. With these two centres alone Disney is by far the biggest theme park operator in the world and no one has yet dared to attempt anything else where on the scale of either project. When Mecca suggested a £100m. British Merrie Englande the idea died as economic recession added its weight to the already daunting difficulties of implementing such a scheme. Yet Disney World alone involves an investment of \$700m. so far—and there are a lot more plans for it.

Last year Disney World saw 13m. visitors and Disneyland 10.7m. The same year (to September) Disney recreation and entertainment turnover reached \$415m., while film rentals dropped by more than \$1m. to \$118m.

Disney World and Disneyland embody the whole Disney image. It is one of incredible cleanliness, efficiency and inoffensiveness. As places of entertainment they are unmatched. See the Land of the Pirates or ride in Space Mountain and no fairground big dipper or haunted house will ever hold the same thrill. Disney World has several large hotels within its borders each itself based on a different characteristic theme, and tours

are run which involve families staying not hours, but days, within this fantasy compound. Now another Disney dream looks like becoming a reality. World Showcase is to be an area of Disney World devoted to individual countries—a sort of permanent World's Fair. The Disney organisation has been trying to get it off the ground for years, with high-powered sales teams whisking around the globe wooing foreign industry to sponsor space. Each nation will be allocated an area, provided enough local sponsors come forward, to show off products and offer regional foods. Showcase gives every sign of becoming a reality, with British companies having signed up along with Arab, German and Japanese organisations among those in the first section.

All this may seem a very long way from Mickey Mouse, who himself has long since retired from his active film star life. His last new picture was in 1953. In the end his very loveliness proved to be his screen downfall. While the demand for short cartoons in the cinema dropped off, television looked for stars of a more aggressive nature. Tom and Jerry is more

the stuff that modern cartoon characters are made of. Mickey Mouse has to-day become more of a symbol of the Disney ethos rather than an active participant in its filmed productions. Like other stars of the same era, Mickey was the talkies—and the thing that threatened him most with disaster was television. His first great success was in Steamboat Willie in the winter of 1928, his lot more merchandising contract came in 1930 which was also the year of his first serialised comic strip.

**Nice fellow**  
And Walt Disney said of the character which made him a millionaire many times over: "Sometimes I've tried to figure out why Mickey appealed to the whole world. Everybody's tried to figure it out. So far as I know, nobody has. He's a pretty nice fellow who never does anybody any harm, who gets into scrapes through no fault of his own, but always manages to come up grinning. Why, Mickey's even been faithful to one girl, Minnie, all his life. Mickey is so simple and uncomplicated, so easy to understand, that you can't help liking him."



Pictures produced in the heyday, however, are still the bread and butter of Disney profits, either directly or indirectly. The films themselves are carefully managed. To-day the Disney organisation produces a new full-length cartoon every three years. Walt himself died in 1966, and the last cartoon he worked on was Lady and the

London, Mr. Keith Bales, "there is a whole new generation seeing them as something new." When Snow White had its most recent London opening it took more in a week than it had in its whole first season in the U.K. some 30 years ago, which says a lot both for inflation and Disney appeal. The film cost less than \$400,000 to

films. In Britain alone there are some 350 licensees of Disney products—the bulk of them toys, but also involving clothing, manufacture and publishing. Disney keeps them on a tight rein and collects a percentage from each sale. Any manufacturer whose products are not up to standard, or whose sales are below what Disney thinks they

products sales last year, which puts income from this area of business activity within striking distance of film rentals. The enthusiasm of licence holders for Disney characters appears boundless. When the Greater London Council approved of the erection of a statue to Mickey Mouse, Marks and Spencer volunteered to pay

## Letters to the Editor

### Investment in electronics

From the Chairman, *South Radionics*  
Sir,—The article on British TV sales by Mr. Wilkinson (December 17) states that "low reliability has caused the British research and development effort to be much inferior to that of its main competitors Japan and Europe." It further claims that the failure of British industry to keep pace with the 1980s has partly been caused by the volume of production being too small to justify very large expenditure.

not xenophobic. Britain (pace Oxford) has traditionally been a philistine and under-educated country. Any reputation that it may have as an international centre of learning has been largely due to the overseas students that come here to study. They should not be made the pretext for the present obscurantist policies of the Government. I am, Sir, a student of the University of London, *Mallet Street, W.C.1.*

### Justifying a new bridge

From Mr. David Walker  
Sir,—I agree with Dr. Hallett (December 16) when he says that consumers of public goods should be charged the marginal cost of production—provided there is no congestion. If there is congestion the service should be rationed, and rationing by price is probably fairer than the alternatives (arbitrarily turning back a percentage of potential users, or allowing congestion itself to act as the deterrent).

in terms of market capitalisation which currently accounts for close to 70 per cent of both the Standard and Pears 500 index and of the FT Actuaries All Share Index). It is particularly these securities which are subject to the detailed investment research and appraisal of institutional investors and stockholders. The smaller market capitalisation companies do not attract the same attention for some good reasons.

Poor marketability is a disadvantage to many institutions and the consequent low level of share turnover does not generate the commission volume to pay for sophisticated investment research on such companies. The good capital performance of small company funds, of high yield (all equity) funds, and of certain recovery funds is clearly evidence that the market is not efficient across its total spectrum.

go abroad, managers need more incentives, engineers (qualified) have fallen way back compared to others of similar qualifications, engineers (unqualified) because they can pull the plug out and we have no electricity and so on.

### Fewer foreign students

From Mr. Jan Toporowski  
Sir,—Your Education Correspondent, Michael Dixon, appears to have had his eyes washed by the Department of Education and Science. In his article in the Financial Times of December 21, he seems to accept without question the apparent necessity to limit the numbers of overseas students either by quotas or by increasing the cost of education in this country. It is financially inevitable that such restrictions will inevitably hit the least advantaged overseas students, namely those who come from a poor country or background and who really need the education that Britain may be able to provide.

### Art of staying in business

From the Managing Director, *Christies*  
Sir,—I was intrigued, while looking through the training course schedule issued recently by the Construction Industry Training Board in Northern Ireland, to come across the following two courses: Course Ref. LS1—To teach fundamental principles, including drain laying, concreting, kerbing, flagging, etc. Duration—five weeks full time. Course Ref. ES7—The Art of Staying in Business. Duration—one day.

### Televised terrorism

From Major General R. S. N. Mans.  
Sir,—I am sure I am not alone among your readers in my admiration for the work of Mr. Chris Dunkley: the wide recognition he has gained in the field of television criticism is very well deserved. However, I suggest that by praising the Tonight programme on the IRA the cobbler has strayed from his last and at the same time demonstrated a certain lack of understanding of the motivation of the modern terrorist. It is not only "vociferous politicians," to use Mr. Dunkley's own words, who question the wisdom of giving overt publicity to terrorists and their supporters but also those who have spent much of their adult lives studying and, in many cases, fighting terrorism.

### What is wealth?

From Mr. R. Knight  
Sir,—Either the capital value of pension entitlements (including of course indexed linked pensions) must surely be included in the wealth proposed to be taxed or alternatively the equivalent value must be exempted from the "wealth" that it is suggested should be assessed on those who do not enjoy such pension rights. In this connection it would be interesting to learn what might be considered to be the capital value of an indexed linked pension of, say, £5,000 per annum.

### Realistic view of life

From Mr. M. Arnott  
Sir,—Nicholas Colchester's excellent article (Dec. 20) suggests that productivity can depend more on organisation and design than on investment or harder working workers. The views of workers themselves on this issue may be of some interest. In recent survey work in industry we have found a design that on investment with the findings reported in the article. On a broader front this confirms what we find time and time again. The average shop floor worker in British industry has got a realistic and sensible view of business facts of life.

### Efficiency of the market

From the managing director, *Schlesinger Investment Management Services*  
Sir,—I write concerning the article by Mr. A. H. Carter in "Diary of a Small Investor" in your paper of December 17, particularly as regards the "efficient" market debate. The experience of Mr. Carter and the views of the proponents of the market's "efficiency" are of a market to reconcile, (e.g. Joel Stern). It is not claimed by any proponent of the "efficient market" concept that the stock market is "efficiently" priced every security quoted, or indeed every class, or broad grouping of securities. In my opinion the views of the proponents of the efficient market are difficult to refute when applied to the market capitalisation of the top 100 companies in the U.S. and U.K.

### The burning question

From Mr. Richard Gordon.  
Sir,—Your Christmas Eve leader takes modestly to absurdity. The Financial Times is superbly combustible. It transforms the dampest heap of leaves into a beautiful finger of smoke pointing through the still autumnal air the way from suburbia to Heaven, usefully reminding us that the FT Index, MLR, the IMF itself, are but the creations

### We are all special

From Mr. N. Mustoe.  
Sir,—When it comes to wage increases it is time we realised that we are all special cases now. The low-paid are special cases, doctors are because they might

### Art of staying in business

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### To-day's Events

|  |            |
|--|------------|
| COMPANY MEETINGS   | 12.30 p.m. |
| M.C. Dart, Dart, 12, Northern Terrace, E.C.1                       | 7.30 p.m.  |
| BALLET   |            |
| Dundee, 12, Sturka (George), Liverpool, 12, Tranwood, Coventry, 3. |            |
| Opera  |            |
| Royal Opera production of Maria Stuarda, Covent Garden, W.2        |            |
| English National Opera perform                                     |            |

### NOTICE OF REDEMPTION

To the Holders of  
**ENTE NAZIONALE IDROCARBURI**  
E.N.I.  
(National Hydrocarbons Authority)  
6 1/2% Sinking Fund Debentures due February 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on February 1, 1978 the principal amount thereof \$1,319,000 principal amount of said Debentures bearing the following serial numbers:

#### DEBENTURES OF U.S. \$1,000 EACH

| Serial Number                      | Serial Number                      | Serial Number                      | Serial Number                      | Serial Number                      |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| 26-27 2687 4655 6695 8076 8946     | 10445 11761 13672 14696 15980      | 16967 17221 18705 20025 21130      | 22618 23612 24518 25424 26330      | 27236 28142 29048 30054 30960      |
| 31876 32782 33688 34594 35500      | 36406 37312 38218 39124 40030      | 40936 41842 42748 43654 44560      | 45466 46372 47278 48184 49090      | 50000 50906 51812 52718 53624      |
| 54538 55444 56350 57256 58162      | 59068 60074 60980 61886 62792      | 63698 64604 65510 66416 67322      | 68228 69134 70040 70946 71852      | 72758 73664 74570 75476 76382      |
| 79294 80200 81106 82012 82918      | 83824 84730 85636 86542 87448      | 88354 89260 90166 91072 91978      | 92884 93790 94696 95602 96508      | 97414 98320 99226 100132 101038    |
| 101944 102850 103756 104662 105568 | 106474 107380 108286 109192 110098 | 111004 111910 112816 113722 114628 | 115534 116440 117346 118252 119158 | 120064 120970 121876 122782 123688 |
| 124594 125500 126406 127312 128218 | 129124 130030 130936 131842 132748 | 133654 134560 135466 136372 137278 | 138184 139090 139996 140902 141808 | 142714 143620 144526 145432 146338 |
| 147248 148154 149060 149966 150872 | 151778 152684 153590 154496 155402 | 156308 157214 158120 159026 159932 | 160838 161744 162650 163556 164462 | 165374 166280 167186 168092 168998 |
| 169904 170810 171716 172622 173528 | 174434 175340 176246 177152 178058 | 178964 179870 180776 181682 182588 | 183494 184400 185306 186212 187118 | 188024 188930 189836 190742 191648 |
| 192574 193480 194386 195292 196198 | 197104 198010 198916 199822 200728 | 201634 202540 203446 204352 205258 | 206164 207070 207976 208882 209788 | 210694 211600 212506 213412 214318 |
| 215224 216130 217036 217942 218848 | 219754 220660 221566 222472 223378 | 224284 225190 226096 227002 227908 | 228814 229720 230626 231532 232438 | 233364 234270 235176 236082 236988 |
| 237894 238800 239706 240612 241518 | 242424 243330 244236 245142 246048 | 246974 247880 248786 249692 250598 | 251524 252430 253336 254242 255148 | 256074 256980 257886 258792 259698 |
| 260224 261130 262036 262942 263848 | 264754 265660 266566 267472 268378 | 269324 270230 271136 272042 272948 | 273854 274760 275666 276572 277478 | 278324 279230 280136 281042 281948 |
| 283794 284700 285606 286512 287418 | 288324 289230 290136 291042 291948 | 292854 293760 294666 295572 296478 | 297404 298310 299216 300122 301028 | 302574 303480 304386 305292 306198 |
| 307764 308670 309576 310482 311388 | 312294 313200 314106 315012 315918 | 316824 317730 318636 319542 320448 | 321394 322300 323206 324112 325018 | 326164 327070 327976 328882 329788 |
| 330634 331540 332446 333352 334258 | 335164 336070 336976 337882 338788 | 339694 340600 341506 342412 343318 | 344224 345130 346036 346942 347848 | 348774 349680 350586 351492 352398 |
| 353344 354250 355156 356062 356968 | 357874 358780 359686 360592 361498 | 363044 363950 364856 365762 366668 | 367514 368420 369326 370232 371138 | 372694 373600 374506 375412 376318 |
| 377224 378130 379036 379942 380848 | 381754 382660 383566 384472 385378 | 386944 387850 388756 389662 390568 | 391494 392400 393306 394212 395118 | 396694 397600 398506 399412 400318 |
| 401844 402750 403656 404562 405468 | 406374 407280 408186 409092 409998 | 411274 412180 413086 413992 414898 | 415824 416730 417636 418542 419448 | 421024 421930 422836 423742 424648 |
| 425824 426730 427636 428542 429448 | 430354 431260 432166 433072 433978 | 434884 435790 436696 437602 438508 | 439454 440360 441266 442172 443078 | 444774 445680 446586 447492 448398 |
| 449944 450850 451756 452662 453568 | 454474 455380 456286 457192 458098 | 459644 460550 461456 462362 463268 | 464174 465080 465986 466892 467798 | 469024 469930 470836 471742 472648 |
| 473574 474480 475386 476292 477198 | 478104 479010 479916 480822 481728 | 483274 484180 485086 485992 486898 | 487744 488650 489556 490462 491368 | 492894 493800 494706 495612 496518 |
| 497664 498570 499476 500382 501288 | 502194 503100 504006 504912 505818 | 508664 509570 510476 511382 512288 | 513194 514100 515006 515912 516818 | 517364 518270 519176 520082 520988 |
| 522554 523460 524366 525272 526178 | 527084 527990 528896 529802 530708 | 531974 532880 533786 534692 535598 | 536504 537410 538316 539222 540128 | 541044 541950 542856 543762 544668 |
| 545614 546520 547426 548332 549238 | 550144 551050 551956 552862 553768 | 556324 557230 558136 559042 559948 | 560974 561880 562786 563692 564598 | 567324 568230 569136 570042 570948 |
| 573494 574400 575306 576212 577118 | 578024 578930 579836 580742 581648 | 584824 585730 586636 587542 588448 | 589354 590260 591166 592072 592978 | 594524 595430 596336 597242 598148 |
| 599694 600600 601506 602412 603318 | 604224 605130 606036 606942 607848 | 610024 610930 611836 612742 613648 | 614174 615080 615986 616892 617798 | 619024 619930 620836 621742 622648 |
| 624794 625700 626606 627512 628418 | 629324 630230 631136 632042 632948 | 636824 637730 638636 639542 640448 | 641594 642500 643406 644312 645218 | 646064 646970 647876 648782 649688 |
| 650534 651440 652346 653252 654158 | 655064 655970 656876 657782 658688 | 662564 663470 664376 665282 666188 | 667134 668040 668946 669852 670758 | 672424 673330 674236 675142 676048 |
| 678574 679480 680386 681292 682198 | 683104 684010 684916 685822 686728 | 689924 690830 691736 692642 693548 | 694454 695360 696266 697172 698078 | 699624 700530 701436 702342 703248 |
| 704774 705680 706586 707492 708398 | 709304 710210 711116 712022 712928 | 716024 716930 717836 718742 719648 | 720174 721080 721986 722892 723798 | 725024 725930 726836 727742 728648 |
| 730574 731480 732386 733292 734198 | 735104 736010 736916 737822 738728 | 742624 743530 744436 745342 746248 | 747174 748080 748986 749892 750798 | 751944 752850 753756 754662 755568 |
| 756474 757380 758286 759192 760098 | 760924 761830 762736 763642 764548 | 768424 769330 770236 771142 772048 |                                    |                                    |

MONEY MARKET

Interest rates decline

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977) Interest rates were generally lower in the London money market yesterday...

Table with columns: Dec. 28 1977, Sterling Certificate of deposits, Interbank, etc. showing interest rates for various terms.

Local authorities and finance houses cover day's notice, others seven days' fixed. Long-term local authority mortgage rates...

SHARE STAKES Witton Investment Company: Lord Farrington, a director, has sold 50,000 Ordinary shares as a trustee holder.

COMPANY NEWS

Habit Precision off target

LOWER THAN anticipated pre-tax profits of £12,002 are reported by Habit Precision Engineering for the year to September 30, 1977...

BOARD MEETINGS The following companies have notified dates of Board meetings to the Stock Exchange...

Midterm rise for Ailsa Inv. Pre-tax revenue for Ailsa Investment Trust for the half year to November 30, 1977, rose from £240,166 to £282,721...

New plans by Provincial Life

Provincial Life, a member of the Provincial Insurance Company, is launching two new investment plans...

Banro no longer close

The directors of Banro Consolidated Industries consider that the company is no longer "close" within the provisions of the Income and Corporation Taxes Act 1970...

£5m. expansion programme for Portals

The directors of Portals, a subsidiary of over £1.5m. investment plan to be spent over the next three years...

HAWKER SIDDELEY AVIATION

The premium for war risks under the Hawker Siddeley Aviation insurance scheme for Hawker Siddeley HS125 executive jet aircraft is £1 per thousand and not £1 per cent...

BIDS AND DEALS

Newman Granger suspended

Shares of Newman Granger Industries, the precision engineering concern, were suspended on the Stock Exchange yesterday at the company's request...

SCOTTISH AND UNIVERSAL

The Scottish and Universal Investments offer to purchase all the 45,000 issued shares of £1 each in the Scottish Agricultural Marketing Company...

YOUNG AUSTEN AND YOUNG

Young Austen and Young announces that negotiations have been completed for the acquisition of J. Jones Electric (Registration) for £76,000 cash.

LAIC REJECTS COLOPHONIUM

The Board of London Australia Investment, the Sydney-based investment trust which is quoted on the London market, says that the proposed offer from Colophonium does not adequately reflect the value of LAIC with its share portfolio of readily marketable securities in leading Australian companies and money on deposit.

TRUST AND AGENCY AUSTRALASIA

The North British and General Investment Trust offers for Trust Accountants of Australia and Agency Company of Australia has been accepted in respect of 2,242,260 Ordinary shares (63.5 per cent.) and 265,544 Preference shares (24.5 per cent.).

PLANTATION HLDGS. MAY REORGANISE

Plantation Holdings is considering a reorganisation of the group's affairs.

COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

Statement of the financial situation as at 30th June, 1977. ASSETS: Cash & Banks 34,848,890.44, Banking subsidiary 280,000,000.00, Loans to customers 354,644,910.55, etc.

CONTINGENT LIABILITIES: Guarantees and endorsements 2,915,041.42, Receivables given in pawn 2,799,749,082.00, etc.

Allowing for dividends due to be received before the end of the year, the income from the investment portfolio of Compagnie Financière de Paris et des Pays-Bas for the financial year 1977 should be slightly up on the figure for 1976...

— Omnium de Participations Financières et Industrielles de Paris et des Pays-Bas "OFFR-PARIBAS" showed a net profit of F.Frs. 61.7m and its dividend has been declared at F.Frs. 6.50 per share as against F.Frs. 6.40.

— The net profit of PARIBAS INTERNATIONAL amounted to F.Frs. 7.8m as against F.Frs. 5.9m and the dividend will be raised from F.Frs. 10 to F.Frs. 12.

— "SOGEDIP" - Société de Gestion d'Intérêts Pétroliers - closed its financial year with a net profit of F.Frs. 23.6m as against F.Frs. 21.2m and will distribute a dividend of F.Frs. 16 as against F.Frs. 12.

— OPB-PARIBAS, which raised its capital to F.Frs. 258.3m last November by the issue of 2,583,000 shares at F.Frs. 70, will also increase its dividend, from F.Frs. 6.50 to F.Frs. 7.

The net income from banking activities carried out by Compagnie Financière de Paris et des Pays-Bas will show a substantial increase. Although the gross figure seems to be close to that for the previous year, the payment of the whole of the issuing costs of the convertible bond issue in July 1976 led to an appreciable fall in net income from banking in 1976.

In these circumstances the net non-consolidated profit of Compagnie Financière de Paris et des Pays-Bas for the financial year 1977 should show an increase on the preceding year, which amounted to F.Frs. 172.4m.

The Board of Directors decided last September to increase the share capital from F.Frs. 1,104,000,000 to F.Frs. 1,334,800,000 by capitalising reserves, and issuing one new share for every five shares held. The process of allotting these new shares which runs for dividends from 1st January 1977 and which will therefore be entitled to the same dividend as the old shares, will begin on 22nd December, 1977.

NOTICE OF REDEMPTION

To the Holders of Continental Oil International Finance Corporation

Continental Oil International Finance Corporation

7% Guaranteed Debentures Due 1980 Issued under Indenture dated as of February 1, 1968

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the above-mentioned Indenture, \$3,000,000 principal amount of the above described Debentures have been selected for redemption on February 1, 1978, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

DEBENTURES OF \$1,000 EACH

Large table listing debenture numbers and amounts for redemption, including columns for serial number, amount, and date.

On February 1, 1978, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be the legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or (b) at the main office of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London or Paris, or the main office of Banca Venetiana & C. S.p.A. in Milan or the office of Bank Mees & Hope N.V. in Amsterdam or the main office of Banque Internationale à Luxembourg S.A. in Luxembourg. Coupons due February 1, 1978 should be detached and collected in the usual manner. Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

On and after February 1, 1978 interest shall cease to accrue on the Debentures herein designated for redemption.

CONTINENTAL OIL INTERNATIONAL FINANCE CORPORATION

NOTICE The following Debentures previously called for redemption have not as yet been presented for payment:

Table listing debenture numbers and amounts for redemption that have not been presented.

Crédit Industriel et Commercial LONDON London Wall EC2M 5NE Phone: 638.57.00 (19 lignes) Telex: 886.725 - 885.068 Foreign exchange telex 888 959 Canonex Ldn

Weekly net asset value on December 27th, 1977 Tokyo Pacific Holdings N.V. U.S. \$ 39.34 Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$ 28.68

Quebec Hydro Electric Commission Series CJ 8 1/2% sinking fund debentures due 1989 SF redemption due 1.2.78 \$1,000,000 bonds have been purchased on the market to satisfy this call.

Province of Quebec 7 1/2% S.F. Debentures 1988 S.F. redemption due 15.1.78 \$1,000,000 Bonds have been purchased on the market to satisfy this call.

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VONTONE EUROSTOCK INDICES 14.76% - 100% PRICE INDEX 20.12.77 27.12.77 AVERAGE YIELD 10.12.77 27.12.77

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORDIC NEWS

Shippers head for crisis

BY FAY GJESTER

OSLO, Dec. 28

BARRING a substantial improvement in the present depressed freight market, 60 Norwegian shipping companies, owning about one-third of Norway's shipping tonnage, will be in serious financial difficulties by 1979. By then, these 60 owners' commitments will exceed income by \$2.2bn. (\$220m.) and they will find it extremely difficult to meet...

Disposals at Swedish Match

BY WILLIAM DUFFLORCE

STOCKHOLM, Dec. 28

IMMEDIATELY before the Christmas holiday Swedish Match closed its third disinvestment within a week when it sold its match interests and forestry companies in the Philippines to a new company headed by the Angara Group and Nitro Nobel...

Acquisition by Saba

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, Dec. 28

J. S. SABA, the Swedish fruit and vegetable trading group, West European banana imports. The Saba announcement stated that with two companies in Holland it will now be able to operate both through the Rotterdam auctions and by direct distribution to wholesalers and retailers...

Optimism at Lonrho Sugar

BY RICHARD ROLFE

JOHANNESBURG, Dec. 28

THE SUGAR Corporation, in Johannesburg, has reported a big increase in output for 1977. The company says that good results have been experienced in all territories in which the Corporation, formerly known as Swazi Sugar, has major plantations...

Syme bid for Standard

BY LAURENCE STEPHENS

SYDNEY, Dec. 28

DAVID SYME AND CO. publisher of The Age in Melbourne, has bought Standard, the Herald and Weekly Times, in the battle for control of suburban newspaper group Standard Newspapers. David Syme, which opened the bidding two weeks ago with an offer of \$A1.50 cash a share, has now lifted its bid to 50 cents a share to \$A2, topping the Herald's share swap offer...

New group structure for Empain Schneider

By Robert Mauthner

PARIS, Dec. 28

EMPAIN-SCHNEIDER, the Franco-Belgian engineering, nuclear and electrical group, has announced a reorganisation of its activities around three main divisions: S.A. Sodif (Societe de Developpement et d'Investissements Financiers) and CFDE (Compagnie Financiere de Developpement des Enterprises). The new structure will be implemented by the end of 1978...

State to buy Tandberg

By Our Own Correspondent

OSLO, Dec. 28

NORWAY'S Labour Government has proposed a takeover of Tandberg, a major electronics concern, as a first step in resolving the company's economic difficulties. At a pre-Christmas meeting devoted entirely to reviewing the problems of crisis-hit Norwegian companies, the cabinet approved loans, loan guarantees and subsidies totalling millions of kroner, to be allocated to various firms, where a total of nearly 5,000 jobs are at risk...

Borel may sell restaurants

By Michael van Os

AMSTERDAM, Dec. 28

AHOLD, the holding company for Holland's largest supermarket chain Albert Heijn, said in a statement today that it was negotiating to take over a number of roadside restaurants owned by Jacques Borel International, the loss-making French hotel group. Since the talks were still in an early stage the company could not say how many restaurants were involved or in which country they were located...

Prochal plant for Pierre-Francois

THE FRENCH Pierre-Francois-Auby group will at the start of next year take over the Montoucu plant of Prochal, Rhône-Poulenc and the Swiss chemical company Ciba-Geigy, together with all personnel of the works.

SWISS CAPITAL MARKET

INVESTORS in the Swiss capital market are finding it increasingly hard to find new issues to invest in. The market has been hit by a combination of factors, including a sharp rise in interest rates and a general tightening of credit conditions. The Swiss National Bank has raised its discount rate to 12 per cent, and the market has responded with a corresponding increase in yields...

MEDIUM TERM CREDITS

European banks fill the gap

BY FRANCIS GHILES

INTERNATIONAL Combustion Australia is raising \$300m for 12 years on a split spread of 1 per cent for the first two years, rising to 1 per cent for the following eight and 1 per cent for the remainder. Other terms include a very long drawdown period of nine years...

As with the loan to Electricite de France, the absence of the U.S. banks in no way prevented the European banks from going ahead. The absence of industrial loan demand in the west and the highly liquid position of the banks ensures that the market remains very much a borrower's one. Some borrowers are still paying more than others for the money. Such is the case of Brazilian borrowers...

The information accompanying the recent \$125m seven year 17.4 per cent loan for Tunisia, which marked that country's emergence as a medium term borrower with the careful watching, particularly in view of the difficulty Tunisia is having in selling some of its oil sales has slumped this year. The debt service, including staples exports on European market State and private enterprises, textiles, where the recent saga and stood at \$256m at the end of August...

TUNISIA: PROVISION OF EXTERNAL FUNDS, 1971-75. Disbursements by Origin (S.U.S.m.)

AMERICAN NEWS

Brazil revives debt plan

BY DAVID WHITE

RIO DE JANEIRO, Dec. 28

IN A BID to remove part of its debt burden, Brazil is seeking to persuade foreign companies with subsidiaries in Brazil to convert loans made to their Brazilian offices into risk capital. New tax legislation approved by President Ernesto Geisel offers multinational companies tax exemption on Preference shares which are created by the conversion of these loans. Companies have until the end of next year to present loan conversion plans to the central bank. The tax exemption is limited to 10 years, and the scheme applies only to loans registered up to the end of this year...

Westinghouse \$27m settlement

WESTINGHOUSE Electric Corporation has revealed that the final cost of the settlement of its uranium contract dispute with Texas Utilities Services, incorporated, will be about \$27m, reports John Wyles from New York. Texas Utilities Services represents three of 37 utilities which sued Westinghouse after the Pittsburgh company cancelled long term contracts to supply them with uranium fuel in September, 1975. The settlement, reported in the Financial Times on December 17, covers just 3 per cent of the \$27m settlement...

Emergency shipbuilding finance move

BY CHARLES SMITH

TOKYO, Dec. 28

JAPAN'S Ministry of Transport is taking emergency action to prevent a chain reaction of bankruptcies spreading from five small and medium sized shipbuilders, which have failed during the past year, to their suppliers. The action consists of setting up a \$1.45bn. (\$322m.) special fund to bridge the interest rate loans to companies facing a financial squeeze. The loans will finance operating expenses. There will be a one-year grace period, with repayment subsequently spread over four years, and a concessionary interest rate also faces financial problems...

North Sea licence for AGIP

BY DOMINICK J. COYLE

ROME, Dec. 28

AGIP, the subsidiary of the Italian national energy group ENI, has obtained from the Norwegian Government a prospecting licence covering Block 33/2 in the North Sea, the company reported here today. The site is some 250 kms north-west of Bergen. The prospecting permit has been issued on a joint venture operation with the Norwegian West German oil company and STATOIL, the Norwegian State-controlled oil group. The participation quotas are, respectively, 30, 20 and 50 per cent, as between the three companies. AGIP is to head the consortium for both prospecting and any drilling operations, thus giving the Italian State control of its first direct operating involvement in the North Sea area. A previous joint venture involving AGIP with the Phillips group back in 1965 resulted in the major Ekofisk discovery, and both companies later entered another joint venture with STATOIL for the exploration of Block 1/9 on the Norwegian shelf.

Appeal hearing on Come-by-Chance

THE SUPREME Court of Canada will hear an appeal of the order putting the Quebec Natural Resources refinery at Come-by-Chance, Newfoundland, into receivership. The refinery closed last spring and was mothballed and put under control of Peat Marwick as receiver and manager. The Ataka Group of Japan, in directly the largest unsecured creditor, put it into receivership. The Newfoundland Court of Appeal dismissed an appeal last September against the receiver-ship by Provincial Refining and Newfoundland Refining, two Shaheen companies which owned and operated the refinery.

Italian company study

BY RICHARD E. STUDD

ROME, Dec. 28

Without any form of comment the Mediobanca 2,000-page analysis of 128 major Italian companies—as against 75 in last year's edition—and contains details ranging from turnover, profit-loss accounts, investments, indebtedness, majority and minority interests, labour costs, among other performance and financial figures over the past five years. What the comprehensive study in effect reveals is the extent of Italian corporate figures published are far more extensive than those published in other Western countries.

SELECTED EURODOLLAR BOND PRICES

Table with columns for Bond Type, Maturity, Price, and Offer. Includes entries for Sterling Bonds, Euro Bonds, and Floating Rate Notes.

A marked shortage of new paper

October, 1975. Similarly, redemptions of public offerings by new issuers in Swiss francs reached Sw.Frs.1.72bn. in the first ten months of this year, will actually be floated. There have been substantial prepayments by foreign borrowers on the private placement market. The nature of this sector makes it impossible to ascertain the volume of medium-term Swiss-franc notes redeemed prematurely by investors on new issues in view of the upward trend of new Swiss franc issues. This makes note issues rather less attractive. As a consolation prize, foreign borrowers are now allowed to buy the Swiss francs they need to repay issues (whether public or private) up to three months before the actual redemption date, even if this means exceeding the ceiling on forward business. The combination of massed supply of new paper will lead to a shortage of investment opportunities. The new money sum of Sw.Frs.1.32bn. for January-March next compares with Sw.Frs.1.25bn. in the same quarter of the year and as much as Sw.Frs.2.45bn. in the first three months of 1976. The volume of new private placements so far this year appears to have fallen below 1976 levels, perhaps in part in favour of direct bank loans to foreign borrowers: there has been something of a dearth of quality names on the note market since 1977 and there seem no good reason why the coming months should bring a rush of Triple-A companies to this market. Both for public bond offerings and private placements, foreign fund-seekers are chary of commitments in a currency with a trade-weighted appreciation of more than 80 per cent, against the Smithsonian level. As a whole, capital exports are likely to be lower in 1977 than the record Sw.Frs.1.19bn. (including Sw.Frs.10.5bn. worth of private placements) booked for last year. Although National Bank interventions on the foreign-exchange market will coupon...



FARMING AND RAW MATERIALS

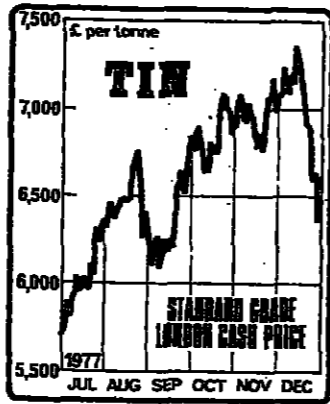
Platinum quotation up again

Our Commodities Editor
STENBURG Platinum Mines
producer platinum price
to \$180 an ounce, in line
with the increase to \$180...

Tin tumbles on London Metal Exchange

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES tumbled again on the London Metal Exchange yesterday as another wave of selling hit the market...



A fall in the Penang market over the holiday period, and the sterling against the dollar, meant that trading started on a much lower level than Friday's close...

Once the decline started, it quickly accelerated as stop-loss orders were triggered and further selling was unleashed...

As expected copper stocks held in London Metal Exchange warehouses, declined for the second week running...

However the fall of 750 tonnes means that total holdings at 638,125 tonnes are still only 1,000 tonnes below the record level reached earlier this month...

Japanese Ministry of International Trade and Industry said with the approval of the Finance Ministry...

The stockpile build-up proposal involves a ¥15bn. loan guaranteed by the Government and interest payment subsidies for the non-ferrous metals industry...

Lead stocks rose by 525 tonnes to a total of 62,625 tonnes and zinc by 75 to 64,550 tonnes...

The Board had been hoping the ban would be maintained. The announcement would have come a lot earlier but we must be grateful for small mercies...

Potato import ban to continue

BY RICHARD MOONEY

BRITISH POTATO growers' confidence received another boost yesterday with the announcement by Mr. John Sikkin, the Minister of Agriculture...

Main crop potatoes are permanently banned from the British market, though severe home crop shortages during the past two seasons led to temporary suspensions of the ban...

But Ministry of Agriculture officials are confident that it does not contravene EEC rules. There is no regime for the import or export of potatoes in the EEC...

The Board had been hoping the ban would be maintained. The announcement would have come a lot earlier but we must be grateful for small mercies...

Costa Rica to sell coffee at below \$2.10

SAN JOSE, Dec. 28.

COSTA RICA authorised the sale of a small amount of medium grade coffee at prices lower than the current market...

The quantities authorised for sale, mostly from the U.S. at a lower price, were very small. It was added, he had been informed El Salvador had opened registrations for the sale of the 1977-78 crop from January...

New lows in cocoa market

By Our Commodities Staff

COCOA PRICES fell to new 1977 lows on the London futures market again yesterday in response to the continued strength of sterling...

The fall was cushioned to some extent by the covering of earlier hedging sales as manufacturers increased their sales of cocoa products...

Another 25 lots were tendered yesterday, bringing the total to 37, and five more lots were graded ready for tendering...

The latest Bahia cocoa crop review warns of a retarded Brazilian harvest. Following a prolonged hot dry spell, but London traders do not appear to have been influenced by this...

Yield of winter wheat

WASHINGTON, Dec. 28.

THE 1977-78 winter wheat crop is forecast at about 1,220 bushels—12 per cent down from this year's harvest...

Winter wheat accounts for about three-quarters of total U.S. wheat production. Based on December 1 indications, the 1978 winter wheat harvest was forecast to yield 27.4 bushels from each acre planted compared with 27.3 bushels an acre for the 1977 crop...

NEW ZEALAND WOOL Corporation fights to halt price fall

BY DAI HAYWARD, WELLINGTON CORRESPONDENT

PROSPECTS FOR New Zealand wool in 1978 indicate a drop of a few cents more in the average selling price for the season...

The last sale of the year — at Napier on December 21 — saw renewed activity and demand from buyers with an improvement in price over some earlier sales...

Not was demand at the end of the year as high as it was 12 months ago. With less than half the total clip sold by Christmas...

Originally the corporation had hoped for an average of about \$N22.00 per kilo this season. But in mid-December the corporation had lowered its intervention price...

Coarser types

DESPITE sales of 25,000 bales from the corporation's stockpile in September and October...

However, the Corporation has plenty of financial strength to continue to buy if necessary. It also has the confidence gained from past experience to go into the market and acquire a much larger quantity if it feels this is necessary to maintain a reasonable price for New Zealand wool...

So far, 550,000 bales of NZ wool have been sold this season. But there are 800,000 bales left for disposal in the first seven months of 1978. The bulk of the wool left for sale is coarse and shorter wools which fetch a lower price than fine wools...

There is no doubt that many buyers considered the previous intervention price too high and the corporation was forced to buy heavily...

Lowering of the price had an immediate effect. At Napier there was a flurry of activity indicating there were plenty of buyers willing to operate just below the previous intervention level...

Bradford buyers from Britain have also been particularly active. Although total shipments from New Zealand at this stage of the season are nearly 20 per cent lower than to the U.K. in 1977...

Ireland's record meat earnings

BY OUR COMMODITIES STAFF

IRELAND IS estimated to have earned a record \$540m from meat exports during 1977, says the 1977 annual review...

Britain bought 135,000 tonnes of Irish beef in 1977 (86,232 in 1976), 190,000 head of live cattle (215,000) and 680 tonnes of mutton and lamb (508). The only decline reported by the Board was for live sheep which fell to 48,000 head from 74,400...

Wheat firm but copper slides back

NEW YORK, Dec. 28.

SUGAR faded higher as rumours circulated that two power countries had rejected the international agreement. Precious metals closed unchanged in steady trading...

Copper closed on trading selling. Wheat futures were firm, with a slight decline in the price of the March 1978 contract...

Coffee - "C" Contract: March 1978 (192.46), May 1978 (177.52), July 1978 (177.00), Sept. 1978 (177.00), Dec. 1978 (177.00), March 1979 (177.00), May 1979 (177.00), July 1979 (177.00), Sept. 1979 (177.00), Dec. 1979 (177.00)...

Cotton - "C" Contract: March 1978 (58.50), May 1978 (58.50), July 1978 (58.50), Sept. 1978 (58.50), Dec. 1978 (58.50), March 1979 (58.50), May 1979 (58.50), July 1979 (58.50), Sept. 1979 (58.50), Dec. 1979 (58.50)...

Gold - Jan. 1978 (164.00), Feb. 1978 (164.00), Mar. 1978 (164.00), Apr. 1978 (164.00), May 1978 (164.00), Jun. 1978 (164.00), Jul. 1978 (164.00), Aug. 1978 (164.00), Sep. 1978 (164.00), Oct. 1978 (164.00), Nov. 1978 (164.00), Dec. 1978 (164.00)...

COMMODITY MARKET REPORTS AND PRICES

Table with multiple columns for various commodities including Tin, Lead, Zinc, Silver, Gold, and Wheat. It includes price changes and market commentary.

INVESTING IN COMMODITIES

one-day seminar on Thursday, 2nd February, at the London International Press Centre.

FINANCIAL TIMES

Private dining room and Cinema facilities

The FT private dining room, at Bracken House, provides an ideal City venue for dinner parties and buffet dinners.

COFFEE

Table showing coffee prices for various grades and origins, including Arabica and Robusta.

RUBBER

Table showing rubber prices for different types and grades.

SILVER

Table showing silver prices for various grades and origins.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades.

Wool Futures

Table showing wool futures prices for various grades and origins.

GRAINS

Table showing grain prices for wheat, barley, and other cereals.

JUTE

Table showing jute prices for different grades.

VEGETABLE OILS

Table showing vegetable oil prices for various types.

PRICE CHANGES

Table showing price changes for various commodities over a period of time.

U.S. Markets

Table showing U.S. market prices for various commodities.

FINANCIAL TIMES

Table showing financial times data for various indices and markets.

Chinese grain imports likely

PEKING, Dec. 27.

CHINA announced its grain harvest this year only reached the 1976 level after one of the worst years for natural disasters...

MEAT/VEGETABLES

Table showing meat and vegetable prices.

EL SALVADOR COFFEE LEVEL

NEW YORK, Dec. 28. Traders said El Salvador is reported to have opened up new coffee registrations at 210 cents per 56 kilos...







AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts with columns for Trust Name, Manager, and various performance metrics.

Table of Offshore and Overseas Funds with columns for Fund Name, Manager, and various performance metrics.

CLIVE INVESTMENTS LIMITED
Exchange A/C London EC4V 3LU Tel. 01-263 1101
Guide as at 6th December, 1977 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 135.19
Clive Fixed Interest Income 128.03

CORAL INDEX: Close 491.496

INSURANCE BASE RATES
Property Growth 8 1/2%
Cash Assurance 4 1/2%

BASE LENDING RATES
Bank of England 7 1/2%
Hill Samuel 7 1/2%
London & European 7 1/2%

T GALLERIES
CLASSIFIED ADVERTISEMENT RATES
Commercial & Industrial 4.50 14.00
Residential Property 4.50 14.00

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds with columns for Company Name, Policy Type, and various details.

NOTES
Prices do not include premium, except where indicated & are in percentages unless otherwise stated.

HOTELS-Continued

Table of hotel and catering stocks including companies like Holiday Inns, Hilton Hotels, and others, with columns for stock price, high/low, and change.

FT SHARE INFORMATION SERVICE

Telford logo and text: 'Modernising the Midlands' and contact information for R. G. Telford, B.Sc. (Eng. M.A.), Dip. IP.

AMERICANS-Continued

BUILDING INDUSTRY-Cont.

DRAPERY AND STORES-Cont.

ENGINEERING-Continued

BRITISH FUNDS

Shorts (Lives up to Five Years)

Table of British fund shares with columns for high/low, stock price, and change.

Five to Fifteen Years

Table of British fund shares for 5-15 year maturity.

Over Fifteen Years

Table of British fund shares for over 15 year maturity.

Undated

Table of undated British fund shares.

INTERNATIONAL BANK

CORPORATION LOANS

Table of international bank and corporation loans.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of various loans.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks.

AMERICANS

Table of American stocks.

CANADIANS

Table of Canadian stocks.

BANKS AND HIRE PURCHASE

Table of bank and hire purchase stocks.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit stocks.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and TV stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY AND STORES

Table of drapery and store stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road stocks.

ELECTRICAL AND RADIO

Table of electrical and radio stocks.

ENGINEERING

Table of engineering stocks.

ENGINEERING MACHINE TOOLS

Table of engineering machine tools stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

HOTELS AND CATERERS

Table of hotel and caterer stocks.

Handwritten signature or mark at the bottom of the page.

INDUSTRIALS—Continued

Table of industrial stocks including Lloyds Bank, British Petroleum, and various engineering firms.

INSURANCE—Continued

Table of insurance companies such as Alliance Assurance, Sun Life, and Commercial Union Assurance.

PROPERTY—Continued

Table of property-related stocks including British Land, Commercial Union Assurance, and various real estate firms.

INV. TRUSTS—Continued

Table of investment trusts such as British Venture, British Venture, and various asset management funds.

FINANCE, LAND—Continued

Table of finance and land-related stocks including various banks, insurance companies, and real estate firms.

NEW JAPAN SECURITIES Tokyo, Japan. London Branch: 5 Fenchurch Street, Tel. 063 67818. Fax: 590829.

INDUSTRIALS—Continued

Continuation of industrial stocks table.

INSURANCE

Table of insurance companies.

PROPERTY

Table of property-related stocks.

INV. TRUSTS

Table of investment trusts.

FINANCE

Table of finance-related stocks.

MINES—Continued

Table of mines including Central African and Australian companies.

AUSTRALIAN

Table of Australian mining stocks.

TINS

Table of tin-related stocks.

COPPER

Table of copper-related stocks.

MISCELLANEOUS

Table of miscellaneous stocks.

NOTES

Notes regarding stock prices and market conditions.

TEAS

Table of tea-related stocks.

INDIA AND BANGLADESH

Table of stocks from India and Bangladesh.

SRI LANKA

Table of stocks from Sri Lanka.

AFRICA

Table of stocks from Africa.

MINES

Table of mining stocks.

CENTRAL RAND

Table of Central Rand mining stocks.

EASTERN RAND

Table of Eastern Rand mining stocks.

FAR WEST RAND

Table of Far West Rand mining stocks.

O.F.S.

Table of O.F.S. stocks.

FINANCE

Table of finance-related stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

REGIONAL MARKETS

Table of regional market data.

OPTIONS

3-month Call Rates

Table of 3-month call rates for various options.

A selection of Options traded is given on the London Stock Exchange Report page.



## Thistle Field begins oil production soon

BY RAY DAFTER, ENERGY CORRESPONDENT

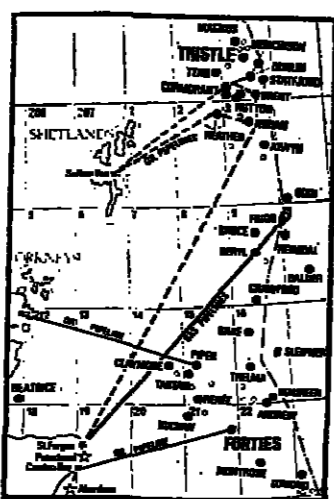
NORTH SEA OIL production is to receive a further boost in the next few days with the commissioning of the important Thistle Field.

Several hundred men have worked offshore throughout the Christmas holiday in a bid to start production by the New Year. Partners in the Thistle venture said yesterday that the first two production wells were virtually ready to yield oil.

The Thistle Field, costing an estimated \$1bn. (over £325m.) to develop, has about 550m. barrels of recoverable reserves. It is expected to have a peak production rate of 200,000 barrels a day, equivalent to about 10 per cent of Britain's oil needs at the next turn of decade, when the North Sea is expected to make the country self-sufficient in energy.

The field is the first commercial oil find to be operated by the British National Oil Corporation, which apart from the State participation interests has a 16.25 per cent. equity stake. Other participants are: Deminex (41.03 per cent.); Santa Fe International (16.29 per cent.); Tri-centro (9.65 per cent.); Burnah (8.1 per cent.); Ashland (5.43 per cent.); Continental (1.16 per cent.); Gulf (1.16 per cent.); and the Charterhouse Group (0.96 per cent.).

It could be two weeks before the first two Thistle wells are producing oil in commercial



quantities. Pre-commissioning work has been frustrated by mismatched valves, but this problem has been overcome.

Eventually Thistle Oil will be carried to the Sullom Voe terminal in the Shetland Islands via the Brent System pipeline. Until then, it will be taken ashore by three tankers from a single anchorage, the leg-mooring buoy (SALM). It is expected that the tanker Thistle Venture will collect the first consignment.

In the meantime, British Petroleum is preparing to suspend production from its big Forties Field, the most prolific producer in the U.K. sector of the North

Sea and one of eight British fields on stream.

The company said yesterday that the field would be shut for one or two days in early January while a faulty valve on its central Charlie platform was repaired. BP will also take the opportunity to carry out routine maintenance work.

It is understood that a 32-inch valve is not seated correctly. Oil from the field's four platforms is fed into the transmission pipeline through this valve.

Production from Forties is running at an average of 440,000 to 450,000 barrels a day, about half Britain's present North Sea production, and it is expected that the field will reach its peak output of 500,000 barrels a day early in the spring.

Both BP and the Department of Energy said that it was not unusual for fields to be temporarily shut for maintenance and repair. The average production figure made allowance for these interruptions.

The Norwegian Government has again lowered its expectations for oil production from its portion of the North Sea. The latest revisions are in a prospectus filed by the Norwegian Government for a \$125m. note financing in the U.S. next month.

Norway has lowered her projected peak output of crude oil from Ekoksk to 660,000 b/d in 1980. In June she was quoting a 700,000 b/d estimate.

## Pound up 3c. on optimistic OECD report

BY MICHAEL BLANDEN

The pound rose sharply in yesterday's foreign exchange market dealing on the strength of the optimistic prospects for the U.K. economy in the Organisation for Economic Co-operation and Development report.

At one stage, sterling was up by over 4 cents against the dollar at \$1.9062, its best level since March last year.

Its value as measured by the official trade-weighted index against a basket of currencies reached 69, compared with 64.1 on Friday.

The improvement in the pound partly reflected the early weakness of the dollar ahead of yesterday's announcement of the latest U.S. trade figures.

But dealers reported that in thin trading there was genuine commercial demand for sterling, and the pound held on to most of its gains in the early recovery in the U.S. currency.

By the end of dealing in London, the pound was 3.1 cents up at \$1.8950, with its

index up by 0.5 at 64.6. The dollar, which before Christmas had a marked recovery as a result of President Carter's statement introducing a modest package of measures to reduce the U.S. deficit, again came under pressure.

The news of the sharp reduction in the U.S. trade deficit last month helped the dollar to recover, but it showed sharp falls against the strong Continental currencies.

It touched a low of DM2.1625 against the West German D-Mark before picking up to close at DM2.1725.

The dollar's trade-weighted index, as calculated by Morgan Guaranty in New York, widened from 4.19 per cent. on Tuesday to 4.58 per cent.

The improvement in sterling helped to boost the more hopeful mood in the gilt-edged market. With hopes of interest rate cuts in the New Year, long-dated stocks saw gains of up to 1 1/2 per cent.

## U.S. expects \$27bn. trade deficit

BY DAVID BELL

WASHINGTON, Dec. 28.

THE U.S. trade deficit narrowed last month to \$21.6bn., the Commerce Department reported today, as Mr. Henry Wallach, a governor of the Federal Reserve, defended the dollar in a speech in New York.

The Commerce Department said that although the dollar strike was settled last month it continued to distort the trade figures, and in November, probably meant significant under-reporting of imports.

The department said that it expects the deficit for the year to be about \$27bn., compared to the \$30bn. feared earlier.

In his speech Mr. Wallach conceded that the size of the trade deficit had been an important factor in the recent decline of the dollar.

But he said that the dollar remained fundamentally strong and that the foreign exchange markets have passed through a period of "uncertainties, erroneous perceptions and destabilising speculation."

Mr. Wallach denied that there was a real decline in the U.S. share of the exports of the Group of Ten countries.

The U.S. share in the first six months of this year at 20.0 per cent, was almost identical to the 19.7 per cent. of 1977.

Mr. Wallach also denied that there had been a real decline in the U.S. share of the exports of the Group of Ten countries.

When the markets settled down it would be clear that the interest rate differentials among the dollar, the D-mark and the Swiss franc "reflect very closely the degree of inflation discrepancy in the three countries."

As disorder has mounted in interest rates in those countries of our intervention. But ex-

change market intervention should not and indeed cannot influence basic trends. These trends rest upon fundamentals, and Mr. Wallach said that "market psychology" had played a part in obscuring some fundamentals.

He was confident that the Congress would pass energy legislation that would halt the rising trend of oil imports.

The U.S. he said, was paying the price of being "well ahead of other industrialised nations."

A Federal Reserve study indicated that "the deficit" would be \$10bn. to \$20bn. lower if there were full employment in other OECD nations. This was a cyclical problem that would work itself out.

There was less elasticity of demand for U.S. exports.

When the markets settled down it would be clear that the interest rate differentials among the dollar, the D-mark and the Swiss franc "reflect very closely the degree of inflation discrepancy in the three countries."

As disorder has mounted in interest rates in those countries of our intervention. But ex-

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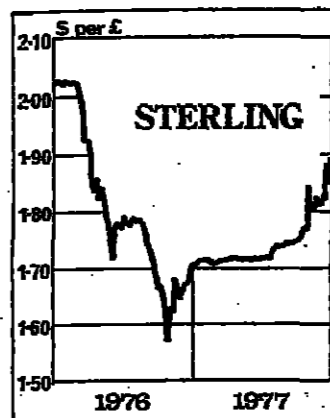
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THE LEX COLUMN

## Shaping the 1977 accounts

Whatever the favourable implications of the resurgence in confidence which has caused the pound sterling to bound forward by 4 cents against the dollar in the space of two trading days, such a movement in the exchange rate just ahead of the balance-sheet date for many large companies will have dismayed more than a few finance directors. Yesterday's sterling appreciation alone must have knocked more than 0.5 per cent. off the overall 1977 pre-tax profits reported by the average large U.K. company which brings in overseas profits on a closing rate basis. For those companies, like Hoover, Renold or ICI, which include some translation differences in earnings rather than as extraordinary items, the adverse impact upon reported earnings per share could have been as much as 2 or 3 per cent. on this one day.

Index rose 6.7 to 490.4



And this, of course, is only a small part of the impact that has been seen for the whole of 1977, during which sterling has appreciated against the dollar by about 11 per cent., reversing much of the earlier depreciation which cast such a rosy glow over many companies' profits for 1976.

With reported profits also under pressure for other reasons, such as sluggish industrial activity and declining inflation rates, it would not be surprising if finance directors were to feel under a certain amount of obligation to soften the blow in reporting 1977 results. They certainly have every opportunity this year to take advantage of the stream of new accounting standards and recommendations, making it very hard for the outsider to pinpoint the purely cosmetic changes.

On currency translation, for instance, the recent exposure draft ED 21 called for currency gains and losses to be taken either directly to reserves or, for current items, to be treated as a quasi-extraordinary item not affecting earnings per share. If companies which last year took such items into earnings were this year to fall in line with the exposure draft, the advance of it becoming a standard, a side-effect would be a much less noticeable dent in reported earnings.

This could also be a year in which circumstances will be more favourable for the publication of inflation accounting data by companies. One of the three estimates called for in the Hyde guidelines is of the cost of sales adjustment, a figure which must have been dropping sharply in recent months. Companies may well consider it worthwhile to put forward this as evidence that real profits are not as weak as the historical cost figures may indicate: only last week, for instance, Spear and Jackson drastically revised down its profits forecast, and confessed that stock appreciation had contributed 70 per cent. of its interim profits.

Meanwhile, of course, many companies will be attempting to come to grips with SSAP 11, the deferred tax accounting standard. Little further need be said about this other than it provides obvious scope for pushing up earnings per share to a higher level, and for consolidating deferred tax reserves into the equity base.

On the other hand there may not be a rush to observe the new accounting standard, SSAP 12 on depreciation which can conveniently be left for another year when, with any luck, its negative impact on profits (buildings will have to be depreciated) will be easier to cope with. In any event the attention being paid to the Hyde guidelines, including a current cost depreciation adjustment might pose the question in some finance directors' minds of whether their companies have become excessively conservative

in assessing the useful life fixed assets. There is at least one of accounting point for finance directors to consider before 1977 accounts are final. Under the EEC fourth directive soon to be approved in Brussels companies will have to write off goodwill against profits. But there is still a long way to go to write the goodwill off against the deferred tax adjustment need not be badly damaged

Institutional cash With the U.K. OECD forecast that the U.K. balance of payments surplus in 1978 will be larger than that of West Germany, and with the prospect of lower interest rates early in New Year, the gilt-edged market is in a buoyant mood. But the current optimism is partly based on the assumption that the Government will be in no hurry to levy any more tax, and that the institutions will continue to commit large chunks of cash to the market.

While it is clear that authorities have no press need to issue any more stocks for the time being, institutional liquidity is nevertheless longer than it has been for some time. At the start of 1977 short term net assets of pension funds and insurance companies amounted to £2.9bn. By the end of the second quarter the insurance companies had run down their liquid somewhat but the pension funds had increased theirs slightly. The absolute level remained unchanged. However, the quarter saw official net sales of £2,980m., against institutional cash flow of £1,800m., and given the calendar of tap issues in the latest quarter institutional liquidity seems certain to fall significantly.

Institutional investment property is recovering, there are signs that the issue queue is once again lengthening. The gilt market could be assured of institutional support when the authorities were issuing stock on redemption yields of over 16 per cent. whether institutions continue to channel such a proportion of their funds to the market at current yields is another matter.

## U.K. biscuit group bids for Salerno

BY ANDREW TAYLOR

ASSOCIATED BISCUIT Manufacturers has joined the growing list of major British food groups making takeover bids for U.S. companies. The group announced yesterday that it had signed an agreement to acquire the assets of Salerno-Macaroni Biscuit Company, of Chicago.

The cost of the deal has not been disclosed, but ABM is likely to be paying around \$81m. (\$5m.) cash for the company, which has shareholders' funds of \$84m. (\$29m.) in its last balance sheet.

Mr. Christopher Barber, finance director of ABM, said the group had still not finalised financing arrangements but, at least part of the money might be raised through U.S. borrowings. U.K. overdraft facilities, with a ceiling of £10m., would be sufficient to cover any balance required.

A successful takeover would provide Associated Biscuits, one of Britain's two largest biscuit-making groups, with manufacturing capacity in the U.S., which it currently supplies through exports from Canada and the U.K. Sales in the U.S. are expected to top £5m. this year.

By comparison, Salerno, which sells mainly in the Chicago area, reported a turnover of around £22m. in 1976. Figures for current year are not yet available. The company is privately owned, with more than 80 per cent. of the equity controlled by the Salerno family.

Associated Biscuits' manufacturing capacity in North America is at present limited to Peek Frean in Toronto and the David concern in Montreal.

Its rival, United Biscuits, already has a major presence in the U.S. through Keebler, and the group recently announced plans to spend at least half of its £45m. capital expenditure budget on the expansion of its U.S. operations.

This year, British food groups have announced bids for U.S. companies worth nearly £300m. Unilever has offered \$485m. for National Starch and Chemical. Rank's Hovis McDougall has bought two U.S. companies—Red Wing and Ravario and Fresh—for a total of \$18m. (£26m.), while Spillers is bidding \$19m. (£10.3m.) for Modern Foods.

Mr. Barber stressed yesterday that agreement on the Associated Biscuits' acquisition had been reached only in principle. The deal is still subject to an auditors' report on Salerno and is unlikely to go through before the end of April.

## Fed chief

"cornerstone of the world financial system."

With Congress in recess, there was no immediate reaction from its members on Mr. Miller's appointment. Mr. Henry Wallach, a governor of the Federal Reserve, said that the appointment sounded "great."

The chairman of the House Banking Committee said that, in particular, Mr. Miller's record on creating jobs was outstanding.

Mr. George Meany, president of the AFL-CIO, America's trade union federation, also welcomed the appointment.

"In replacing Dr. Burns, the President is clearly moving away from pre-credited policies that created the last recession and prevented a speedy recovery," he said.

## Japan bank rate fall likely next month

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 28.

JAPAN SEEMS likely to reduce its bank rate next month in order to stimulate flagging business activity.

The cut may be by either 0.5 per cent. or 0.75 per cent., depending on the government's assessment of the economic situation once the New Year holiday is over.

Bank rates was reduced in September as part of a series of measures to stimulate the economy and help in reaching Japan's (now abandoned) growth target of 6.7 per cent. for the present fiscal year, which finishes at the end of March.

The inflation measure of the yen (by some 13 per cent. between late September and early this month) which destroyed Japan's hopes for high growth and made further

## Japan bank rate fall likely next month

reflationary measures necessary. A January cut would form part of the new series of moves. Tax incentives for private capital investment and house building are likely to follow.

The news of a probable cut, bringing the rate to its lowest post-war level, comes immediately after indicators suggesting a measure of economic recovery in Japan for last month.

The industrial production index last month was 2.8 per cent. up on October and for the first time exceeded the pre-oil crisis peak at 133.4 against the November 1973 figure of 132.9.

Manufacturers' shipments also rose by 4 per cent. and stocks fell by 0.1 per cent., the third between late September and early this month.

While the industrial production index continues to waver, prices seem to be coming down rapidly.

## Weather

U.K. TO-DAY SUNNY, rain or wintry showers. London, S.E. England, E. Anglia Sunny spells, wintry showers. Sunny spells, moderate. Max. 8-9C (41-43F). E., S.W., N.W., N.E. and Cent. England, Midlands, Channel Is.

Wales Sunny spells, rain later. Sleet or snow on hills. Wind N.W., moderate or fresh. Max. 6-8C (43-46F). Lakes, I. of Man, Borders, Scotland, N. Ireland Sleet or snow on hills, wintry showers later. Wind N.W., strong to gale. Max. 6C (43F).

Outlook: Rain or wintry showers.

BUSINESS CENTRES

Table with columns for location, time, and weather conditions for various business centers.

Table with columns for location, time, and weather conditions for various holiday resorts.

## Imports hit U.K. component-makers

nationalists are likely to expand the number of British-produced components in their cars next year as volumes pick up to justify alternative local supplies.

This has been the pattern of manufacturing on the Vauxhall Chevette, first produced largely from imported parts but now with a large percentage of British content.

The number of British parts in the Alpine is growing, though Chrysler has still not met the commitment it made to a Government in early 1976 to use 57 per cent. British components "in the car."

There is also hope that the present industrial relations which will see foreign parts for difficulties, caused largely by the industry's high percentage of skilled engineering workers whose pay differentials have

been eroded, will gradually subside in the New Year.

Most executives in the industry expect imports to stabilise at a higher general level than in the past.

This is partly because manufacturers increasingly seek a second source for virtually every important component—so-called dual sourcing to ensure supplies; and partly because the multi-national assemblers are now committed to a policy of integration in Europe which involves a greater exchange of parts.

This higher level of imports will be influenced by continuing increase of foreign cars, all of present industrial relations which will see foreign parts for difficulties, caused largely by the industry's high percentage of skilled engineering workers whose pay differentials have

of dual sourcing arrangements mean that more Continental manufacturers come to Britain to ensure alternative supplies. U.K. companies have made big strides in serving these needs.

Secondly, the multinational companies are big component exporters as well as importers. Vauxhall sends several Chevette parts to Germany, and Ford exports engine blocks and other components for the Fiesta.

Though it is difficult to sort out their component exports from the rest of their business, including car sales, all these companies are substantial net exporters from Britain.

The influence of the big component producers on the car makers in recent years, and are gradually raising their exports quite independently of the big vehicle manufacturers.

give to sorting out the problems of British Leyland and Chrysler.

Both companies carry the fortunes of many component manufacturers with them in the form of the parts they send away for overseas manufacturing. Much of this business would inevitably be lost for ever if they foundered, causing deep problems in the Midlands engineering industry.

On the other hand, the larger component companies such as Lucas, GKN, Associated Engineering, Automotive Products and Smiths Industries have been aggressively seeking new overseas markets in recent years, and are gradually raising their exports quite independently of the big vehicle manufacturers.

NOTICE OF REDEMPTION To the Holders of ENTE NAZIONALE IDROCARBURI E.N.I. (National Hydrocarbons Authority) 6% Sinking Fund Debentures due February 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on February 1, 1978, at the principal amount thereof \$310,000 principal amount of said Debentures bearing the following serial numbers:

Table listing debenture serial numbers for redemption, including columns for date, number, and amount.

On February 1, 1978, there will become due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as said data is legal tender for the payment thereof of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeen Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg.

Debentures surrendered for redemption should be attached all unredeemed coupons appertaining thereto. Coupons due February 1, 1978 should be detached and collected in the usual manner. From and after February 1, 1978 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent December 29, 1977

NOTICE The following Debentures previously called for redemption have not as yet been presented for payment: DEBENTURES OF U.S. \$1,000 EACH

Table listing debenture serial numbers for redemption, including columns for date, number, and amount.

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